



**KYEC**

*Co-Prosperity and profit sharing to build a beautiful future of  
sustainable development*



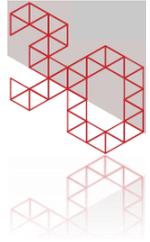
**KING YUAN ELECTRONICS CO.,LTD.**

**2017 企業社會責任報告書**  
Corporate Social Responsibility Report



30 years of foundation

Stability and Pragmatism



## Contents

# contents

About the Report .....	1
Words from General Manager .....	2
KYEC Overview .....	4
1. Company Profile .....	4
2. Services .....	5
3. Core Value .....	5
4. Worldwide Business Division .....	6
5. Management Performance .....	6
6. 2017 Awards Received .....	7
7. Members participating in various external departments .....	7
Stakeholders and Concerned Issues .....	8
1. Identification and Communication between Stakeholders .....	8
2. Material Consideration Matrix Analysis .....	12
3. Material Agenda Disclosure Articles and Description of Consideration Border .....	13
Corporate Governance.....	15
1. Corporate Governance Framework .....	15
2. Key Department Functions .....	16
3. Board of the Directors .....	18
4. Shareholder Structure.....	19
5. Salary/Remuneration Committee .....	20
6. Audit Committee .....	20
7. Internal Audit Organization and Operation .....	21
8. Employee Code of Ethics and Conducts .....	22
9. Implement Philosophies of Integrity Management .....	23
10. Risk Strategies and Responses .....	24

Supply Chain Management .....	26
1. Green Products and Quality Management System.....	26
2. Green Procurement.....	29
3. Suppliers.....	30
4. Green Logistics and Vision .....	37
5. Optimizing Pickup/Delivery Routes .....	37
6. Idle and Fuel Statistics .....	37
Environmental Management .....	39
1. Energy consumption and Management .....	39
2. Greenhouse Gas Inventory .....	43
3. Use of Water Resource and Impact on Water.....	46
4. Pollution Prevention.....	49
5. Compliance with Environmental Protection Laws .....	54
Occupational Safety and Hygiene .....	55
1. Safety and Hygiene Policy and Organization Operations .....	55
2. Statistics and Analysis of Occupational Disasters .....	55
3. Develop Safety and Hygiene Code of Practice and Management .....	57
4. Chemical Safety and Hygiene Management .....	58
5. Safety and Hygiene Risk Evaluation and Change Management.....	59
6. Emergency Response and Disaster Relief.....	60
7. Contractor Safety and Hygiene Management .....	61
8. Fire Safety Equipment and Signs .....	62
9. Machinery Equipment Safety Management.....	63
10. Overall Environmental Expenditure .....	63
Employees' Rights.....	64
1. Standards of Recruitment and Employment .....	64
2. Employee Distribution .....	65
3. Employee Resignation .....	68
4. Competitive Salary .....	70
5. Complete Retirement Plan .....	70
6. Comprehensive Insurance System .....	71
7. Complete Leave System and Benefits .....	71

8. Legitimate Employment of Persons with Physical and Mental Disability .....	72
9. Public Performance Appraisal and Promotion Development.....	73
10. Parental-Leave-Without-Pay Measures.....	73
11. Employee Care .....	74
12. Promote Health Management and Advocacy Plan.....	75
13. Physical and Mental Health of Employees .....	75
14. Valuing Female Employees.....	76
15. Employee Communication.....	77
16. LOHAS KYEC .....	78
17. Quality Workplace.....	79
18. Education and Training .....	81
<b>Social Participation .....</b>	<b>85</b>
1. Sponsoring Hsinchu City Children’s Art Festival – Wind Sports Field.....	85
2. Adopting Wenfeng Elementary School in Zhangshu Village, Tong-luo Township – Shennong Project (3rd Year) .....	86
3. Sponsoring Miaoli Folk Song Concert.....	87
4. Sponsored A-Bing’s Love Association “Care for the Disadvantaged” Classic Song Charity Concerts.....	87
5. Sponsoring Hsin Chu Wind Orchestra .....	87
6. Industry-Academic Cooperation for Win-Win Mechanism .....	88
7. Sponsoring Miaoli County Director-General Cup Table Tennis Tournament.....	90
8. Employing Visually Impaired Masseurs .....	90
9. Other Charity Events.....	90
<b>Appendix : GRI G4 Guidelines .....</b>	<b>91</b>



## About the Report

### Editing and Publication

KYEC has entered the fifth year since its first release of “Corporate Social Responsibility Report”. This reports shows care for the efforts and performance in disclosing the company’s sustainability development and social responsibility performance to the stakeholders of KYEC.

### Border and Scope

The report discloses consolidated information between January 1, 2017 and December 31, 2017, which consists of the practice conducts and performance data from Taiwan, including the Headquarters (including Hsin Chu Factory) and Miaoli Plants (including Chu Nan Factory and Tung-Luo Factory).

### Writing Rules

The report is prepared in accordance with the GRI G4 Core option under G4 Sustainability Report Guides released by the Global Reporting Initiative (GRI). The report is attached with the GRI G4 indicator comparison table at the end in conformity with AA1000 series standards. The report adopts materiality, stakeholder tolerance, and sustainable development as principles of reference.

The Financial data are calculated in New Taiwan Dollars and have been attested by the Ernst & Young Taiwan. Apart from conducting internal audit, the environment, safety and hygiene management system also undertakes external audit for ISO 14001, OHSAS 18001, ISO14064, ISO14067, and IECQ QC080000 standards. The designated certification body is SGS-Taiwan. The greenhouse gas emission data adopt the coefficients used in “Greenhouse Gas Emission Coefficient Control Chart (version 6.0.1), provided by the Environmental Protection Administration, for the calculation of emissions.

### Release Date

The “Corporate Social Responsibility Report” is released on an annual basis. The version of this release is June, 2018 and will be published to the public on the website of KYEC Group.

### Contact Information

Some indicators offer 2015~2017 consecutive data in order to highlight the mid- to long-term trends. In case the quantitative indicators contain special meanings, a note will be provided to explain further. If you have any questions or comment regarding the KYEC Group Corporate Social Responsibility Report, please contact us.

Contact: KYEC Group Financial Office

Address: No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City 300

Telephone: +886-3-5751888

Fax: +886-3-5753899

E-mail: [invest@kyec.com.tw](mailto:invest@kyec.com.tw)

WEB: [www.kyec.com.tw](http://www.kyec.com.tw)

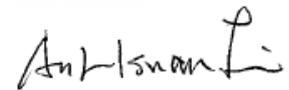


## Words from General Manager

2017 is the 30th anniversary of KYEC's establishment and at the same time the year full of expectation and challenges. Looking back the initial founding period, KYEC has transformed from plant leasing to becoming the world's largest professional test factory today. Currently among the top 20 semiconductor plants or the top 25 fabless enterprises in the world, over 70% of them consist of the customers working with KYEC. Over the years, KYEC has upheld to meeting customer demand by creating value for customers and the business philosophy of enhancing shareholders' rights and interests. KYEC not only deliver distinguished performance but also spares no efforts in the commitment and dedication of corporate social responsibility. Apart from supporting and promoting environmental protection, social welfare and cultural and artistic field. Through dedication and long-term commitment, KYEC intends to become the benchmark for corporate sustainable management through acts of conveying and cultivating corporate social responsibility.



General Manager



### **Integrity Management and Everlasting Foundation**

To assist KYEC with enhancing and implementing policies on integrity management, KYEC not only develops the "Code of Integrity Management," "Code of Corporate Social Responsibility Practice," "Code of Corporate Governance," and "Code of Ethical Conducts" for compliance but also holds the social responsibility (RBA) general education training courses regularly each year to advocate conducts of ethics and relevant laws of compliance to all personnel. Moreover, KYEC intensifies the improvement in information disclosure, internal control and financial transparency, and the operation of Board of Directors, including the system audit of internal control, assessment of internal control flaws and efficacy of operation measurement, in order to facilitate the timely supply of improvement suggestions, which all fall into the realization of corporate governance.

### **Social Charity goes a long way of love**

We believe that talents are one of the important assets of KYEC and also the key factors in determining the competitive strength and weakness of the company. Hence, KYEC values the harmonious labor relation, implementation of retirement pension funds system, sponsoring of various employee training course, employee group insurance, and regular health examination. Additionally, KYEC continues to cooperate with the industries and colleges in Taiwan to cultivate professionals for the entry-level and accomplish seamless connection. With regards to community care, KYEC organized and sponsored multiple charity and arts activities in 2017, including the care and assistance for elderly living alone, disadvantaged groups, children in rural area, and agricultural product charity sales. It is the expectation of KYEC to integrate with communities and give specific feedback to the society.

**Environmental Protection is an obligation**

Upholding to the philosophy of sustainable development, we are committed to the implementation of environmental protection, energy saving, carbon reduction, and resource recycling and reuse. In response to the government policy on energy saving and carbon reduction, KYEC constantly participates in the purchase of green power consumption by Taiwan Power Co., Ltd. each year. This year, KYEC also received the “Green Procurement Excellence Institute” issued by the Executive Yuan Environmental Protection Administration and Miaoli County Government. Additionally, Tung-Luo factory also passed the ISO50001 (energy management system) certification following Chung Hua Factory. Other energy saving projects are ongoing and the profits from recycling is considerable. Over the years, KYEC has conducted zero-pollution emission, while all test results not only conform to the regulation but also making progress in integrating with upstream and downstream suppliers in the state of “green production.”

In response to UN’s launch of 17 Sustainable Development Goals (SDGs) in 2016, enterprises naturally should get involved if they want to pursue sustainable management. KYEC offers test services to the later segment of global semiconducting manufacturing in the supply chain. In celebration of the 30th anniversary, KYEC sets up solid foundation and continue to progress, but we always remembers to fulfill the responsibility of social citizens and build a beautiful future of sustainable development.

## KYEC Overview

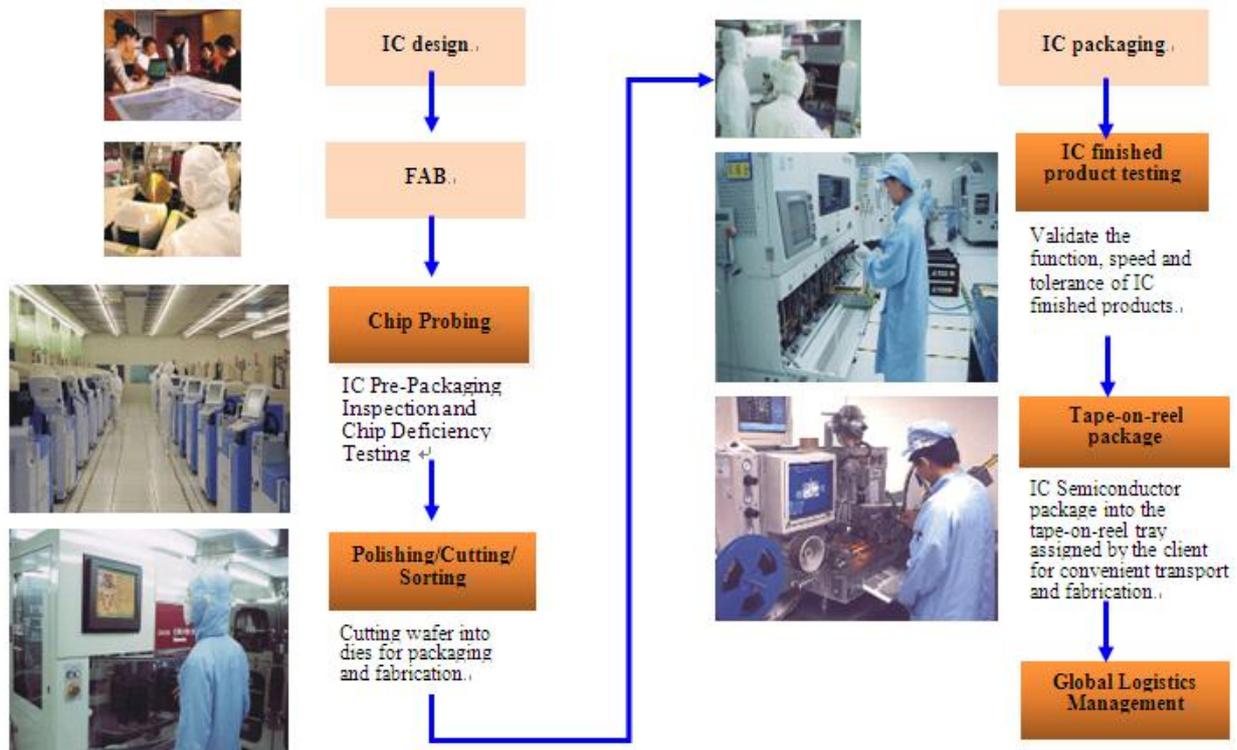
### 1. Company Profile

<b>Company Name</b>	King Yuan Electronics Corp. (KYEC)
<b>Date of Establishment</b>	May 28, 1987
<b>Paid-in Capital</b>	NTD 12,065,426,760
<b>Chairman</b>	C.K. Lee
<b>President</b>	A.H. Liu
<b>Company Headquarters</b>	No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City
<b>Plants</b>	Hsinchu Headquarters: No. 81, Sec. 2, Gongdao 5th Rd., Hsinchu City Chunan Plant: No. 118, Zhonghua Rd., Chunan Township, Miaoli County Tung-Luo Factory: Hsinchu Science Park, No. 8, Tong-ke N. Rd., Jiuhu Village, Tong-luo Township, Miaoli County
<b>No. of Employees</b>	Approximately 5,542 people
<b>Main Business</b>	The design, manufacturing, testing, accessories, processing, packaging, and sales of different IC, the manufacturing, processing and sales of different burn-in and components, and the import/export trade of aforementioned products
<b>Taiwan Stock Exchange</b>	2449
<b>Spokesperson</b>	Gauss Chang
<b>Deputy Spokesperson</b>	AaronChang



## 2. Services

The services of KYEC consist of testing areas, including chip probe, IC finished product testing and wafer polishing/cutting/die sorting...etc. The product lines include Memory, Logic & Mixed-Signal, SOC, CIS /CCD, LCD Driver, RF /Wireless, and MEMS, with over 2,864 sets of testing instruments.



## 3. Core Value

The Core Value of KYEC:

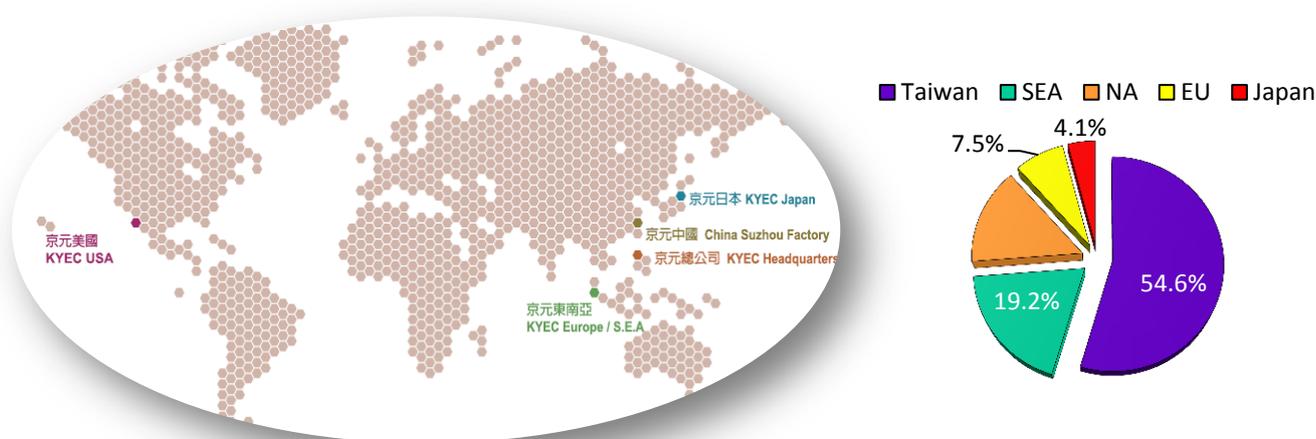
- **Performance**: Set up high-standard objectives to meet customer demand for higher quality, lower costs, faster delivery, and enhance customer satisfaction.
- **Innovation**: Constantly improve and provide innovative solutions to offer satisfying quality and services with higher satisfaction to clients.
- **Excellence**: Complete work assignment with full efforts, actively take work objectives with challenge, and achieve outstanding standards and remarkable performance.
- **Sharing**: Voluntary in sharing knowledge and skills as well as experience owned with others so that the company and clients can share and grow together.



#### 4. Worldwide Business Division

Professional packaging and testing is one of the semiconductors in Taiwan with the earliest and fastest development, except for wafer foundry. Moreover KYEC is the only company specializes in professional testing, placing the company on an even more prominent position in the market. KYEC has long established worldwide business divisions to cope with business expansion and development requirement, thereby to accommodate the thriving development of outsourced professional testing industries. Apart from its establishment in Taiwan, KYEC also set up a factory in Suzhou, China and worldwide business divisions in North America, Southeast Asia, and Japan to provide services to clients nearby.

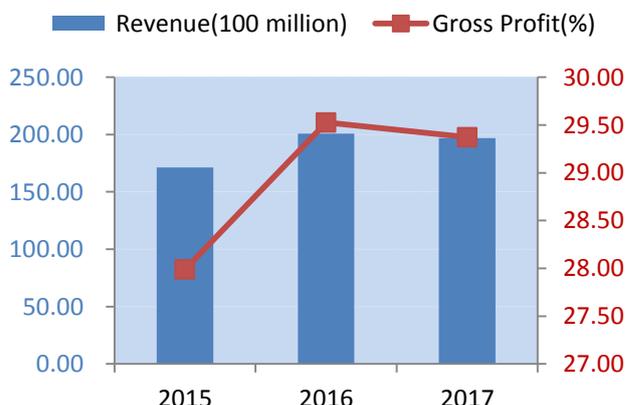
The worldwide business divisions and the distribution of operating income in 2017 are shown in the follows:



#### 5. Management Performance

The 2017 consolidated operating income was NTD 19687 million, Compared with 2016, the sales revenue was slightly down by 0.15%. Under the challenge of global semi-conductor industries facing with many changes in the macro political and economic environment and slowed-down demand in 2017, KYEC still managed to grow in revenue and acquire the order from international corporations. KYEC has increased its market share in the testing industry and market in the same direction with mobile communication, consumer electronics, car electronics, sensor components, IoT, and other mainstream industries.

Consolidated Operating Income and Gross Profits :



## 2017 Awards Received

Organization	Awards
Executive Yuan Environmental Protection Administration	Green Procurement Excellence Department
Ministry of Economic Affairs Energy Bureau	Green Power Mark
Miaoli County Bureau of Environmental Protection	Private sector and groups implementing green procurement
Ministry of Technology – Hsinchu Science Park	Green Embellishing and Environmental Maintenance Competition Excellent Award (Tung-Luo Company)
Taichung Customs Office	Premium Tax Free Factory Award
Republic of China National Enterprise Competitiveness Development Association	14 <sup>th</sup> National Brand Yushan Award – Distinguished Enterprise Category & First Prize Nationwide.
Corporate Synergy Development Center	30 <sup>th</sup> National Team Competition – Silver Towner Award
Association of Pioneer Quality Control Research	40 <sup>th</sup> National Golden Award QC Circle-Golden Award



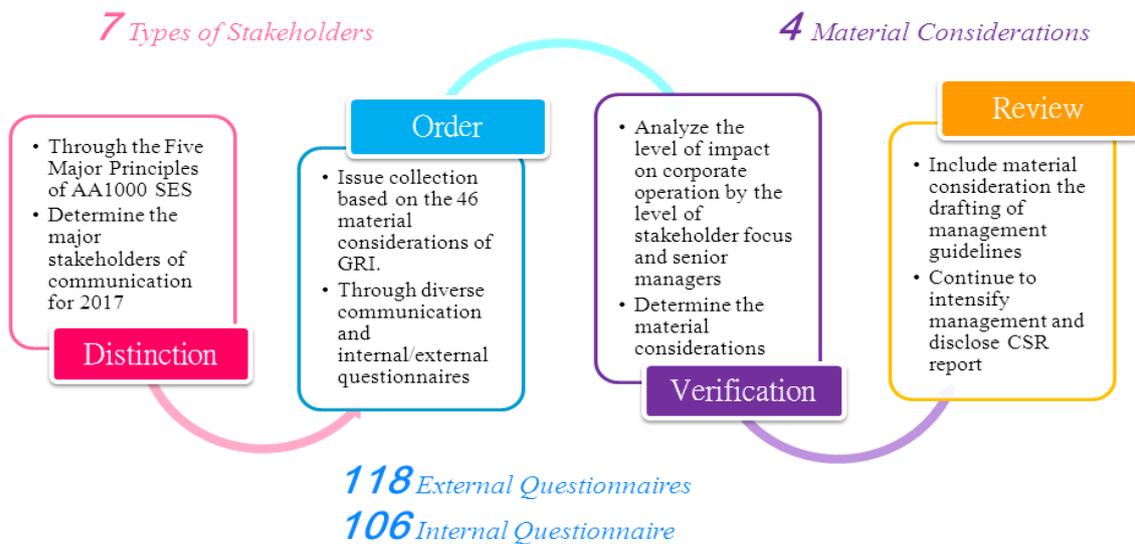
## 6. Members participating in various external departments

Associations	Remarks
The Allied Association for Science Park Industries	Chairman Lee served as the Deputy Director-General
The Institute of Internal Auditors, ROC (Taiwan)	
Taiwan Electrical and Electronic Manufacturers' Association	
Taiwan Semiconductor Industry Association (TSIA)	
Hsinchu Industrial Association, Miaoli County Industrial Association	

## Stakeholders and Concerned Issues

The CSR team of KYEC is established by the highest authority of Administrative Center, which cover the work related to the promotion of corporate social responsibilities and the members consist of departmental representatives from the Finance Division, Planning Division, Sales Division, Human Resource Division, Facility and Environment Safety Division, Material Division, and Quality Assurance Division.

The Report promotes works related to corporate social responsibilities and collects, discusses and reviews through the routine interaction with stakeholders and assistance in sustainability agenda, followed by compiling the outcome to the annual corporate social responsibility report and eventually submitting to the senior manager for approval and release.



### 1. Identification and Communication between Stakeholders

The CSR team and department managers will discuss internally and refer to the practice and experience of peer industries by work properties, followed by taking consideration of the influence, responsibility, reliance, diverse perspectives, and focus tension of stakeholders negotiation under AA1000 SES. The departments identify the 2017 KYEC stakeholders, including the shareholders and investors, customers, employees, suppliers, contractors, communities, neighborhoods, and government.



KYEC adopts diverse and open communication channels to facilitate and improve the interaction and communication mechanism with the stakeholders. Additionally, KYEC adopts various communication channels such as “internal/external communication management procedures,” “corporate strategy and review meeting,” “customer satisfaction survey,” “employee seminar,” “supplier questionnaire survey,” “government laws and regulations,” “investor consultation” to fully acquire the voice from the stakeholders. Hence we expect to communicate and respond to stakeholders through different communication channels to understand their expectation and needs for KYEC. We also include the agenda concerned in the routine work and annual plan to take immediate response and apply as the drafting for corporate social responsibility policy and reference for promoting action plans. The communication agenda, channel and frequency are described below:

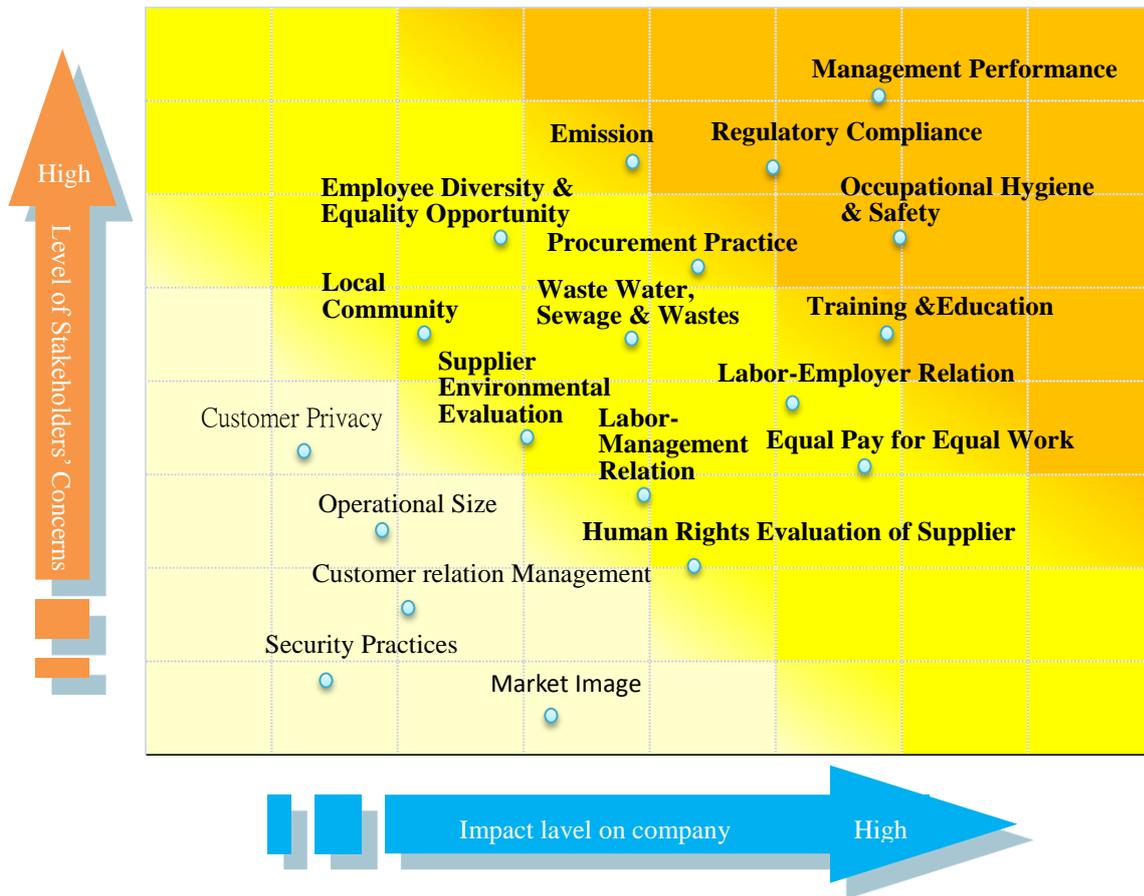
Stakeholders	Communication Agenda	Communication Channel	Frequency
<b>Shareholders/ Investors</b>	◎Operational Size	Market Observation Post	Unscheduled
	◎Corporate Governance	System	
	◎Financial performance	Domestic and international investment forums	Unscheduled
	◎Market image	General meetings of shareholders	Annually
<b>Customers</b>	◎Corporate Social Responsibility	Customer Satisfaction Survey	Annually
	◎Customer Commitment and Services	Customer Questionnaire	Unscheduled
	◎Customer Relations Management	Email	Unscheduled
	◎Firefighting equipment installation and management	Customer document release	Unscheduled
	◎Disaster prevention and emergency contingency	Customer audit	Unscheduled
	◎Waste Management	Company website	Unscheduled
	◎Environmental protection and safety and health related regulations and laws		
	◎Environmental Protection ◎Customer Privacy		

Stakeholders	Communication Agenda	Communication Channel	Frequency
<b>Suppliers</b>	◎Responsible Business Alliance Code of Conduct ◎Procurement policy ◎Integrity management and practice ethics ◎Hazardous substance management ◎Source of mining acquisition and employees' rights=	Supplier Meeting	Unscheduled
		Supplier Audit	Unscheduled
		Supplier risk assessment	Monthly
		Supplier product quality meeting	Unscheduled
<b>Contractors</b>	◎Factory safety and health operation requirement ◎Sign letter of guarantee	Contractor Negotiation Meeting	Monthly
		Email	Unscheduled
<b>Employees</b>	◎Remuneration and Bonuses ◎Leave system ◎Talent recruitment ◎Career development ◎Physical and mental health of employees ◎Employee Welfare ◎Club activities ◎Welfare Committee Activities ◎Labor-management communication ◎Workplace safety ◎Labor-management communication ◎Management of incidents and work related injuries ◎Security practices	Departmental Meetings	Weekly/Monthly
		Labor-Management Meeting	Quarterly
		Employee Welfare Committee Meeting	Quarterly
		Employee Seminar	Quarterly
		New Employee Seminar	Quarterly
		Foreign Employee Seminar	Semi-annually
		Employee Board	Permanent
		Proposal Improvement System	Unscheduled
		Compliant Handling Committee	Depending on the situation
		Personnel Evaluation Committee	Depending on the situation
		Occupational Safety and Health Committee	Quarterly

Stakeholders	Communication Agenda	Communication Channel	Frequency
<b>Community / Neighborhood</b>	◎Industry-Academic Cooperation ◎Care for disadvantaged ◎Social welfare	Courses and visits	Unscheduled
		Response from neighborhood chief	Unscheduled
		Sponsoring art and cultural activities	Unscheduled
<b>Government /Competent Authorities</b>	◎Regulation conformity ◎Financial information transparency ◎Policy cooperation ◎Corporate governance ◎Waste management ◎Disaster prevention and emergency contingency ◎Hazard substance/dangerous articles management ◎Machinery equipment safety and management ◎Waste water discharge and management ◎Greenhouse gas management ◎Green energy purchase and energy management ◎Hazardous substance/dangerous goods management	Letter of correspondence and email	Unscheduled
		Propaganda meeting/briefing	Unscheduled
		Promulgated Decree	Unscheduled
		External Official Document	Unscheduled
		Public Hearing for Regulations	Unscheduled

## 2. Material Consideration Matrix Analysis

We verify the corresponding material considerations through sorting the agendas concerned by the stakeholders and review the relevant information validity for discussion, followed by drawing the corresponding material consideration matrix diagram (as shown below) according to the level of concern for the stakeholders and the level of impact on corporate management. A total of 14 material considerations have been determined according to the medium to high level of the matrix.



### 3. Material Agenda Disclosure Articles and Description of Consideration Border

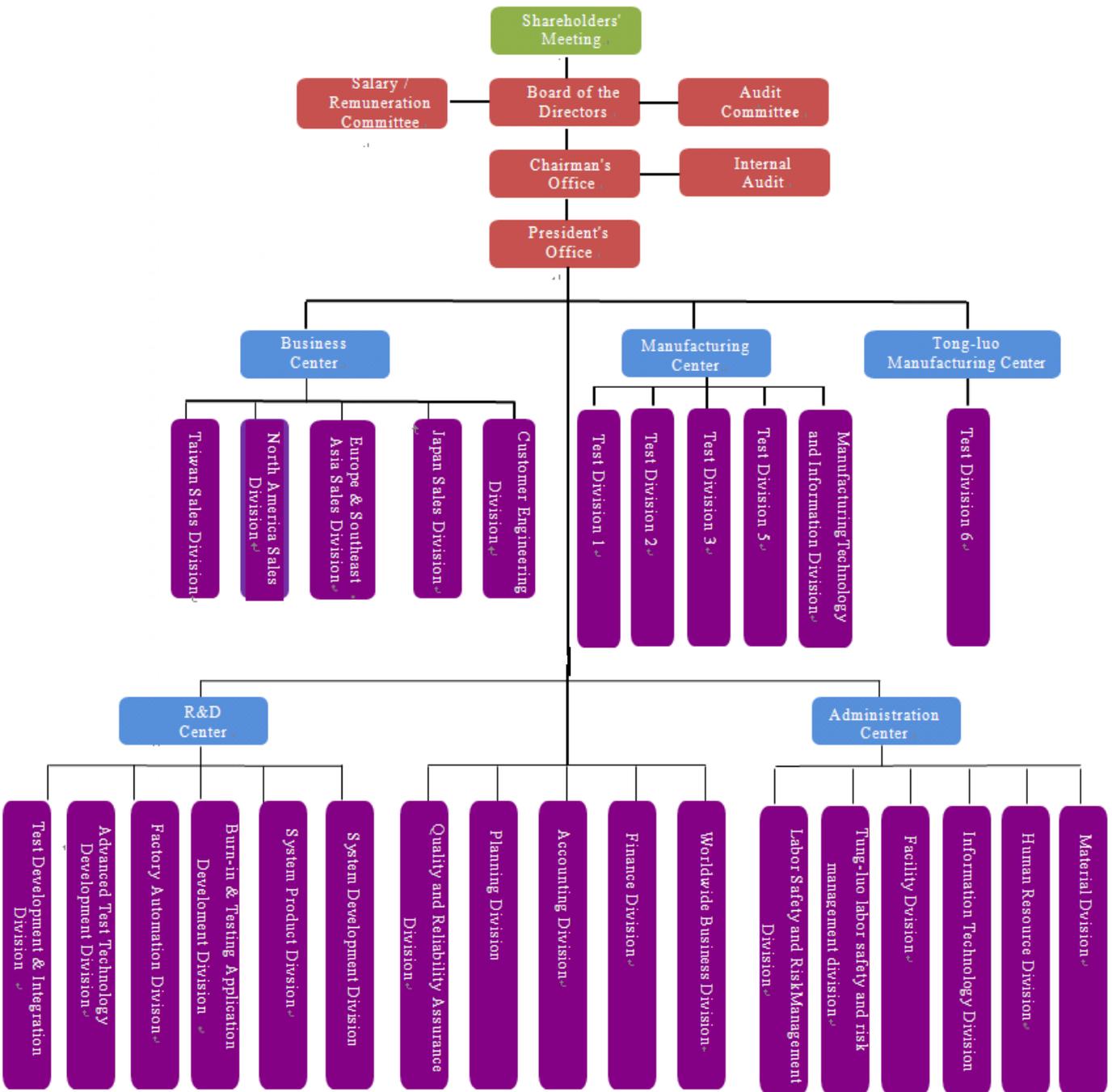
The following comparison table is prepared through the substantial consideration, organization border and corresponding indicators obtained from the aforementioned analysis.

Category	Material Consideration	GRI Indicators	Articles of Reference (page Code)	Within Organization	Outside Organization
				KYEC	
Finance	Management Performance	G4-EC1~3	Management Performance (P5)	V	V (Client)
	Procurement Practice	G4-EC9	(P27) Supplier Audit (P27)	V	— (Supplier)
Environment	Emission	G4-EN15~19	Greenhouse Gas inventory and Analysis	V	V (Supplier)
	Regulatory Conformity	G4-EN29	Waste Water Discharge and Management (P43)	V	—
	Supplier Environment Assessment	G4-EN32~33	Supplier Management (P25)	V	V (Supplier)
	Occupational Health and Safety	G4-LA5~7	Safety and Health Policy and Organization Operation, Occupational Accidents Statistics and Analysis	V	V (Client, Community)
	Sewage and Wastes	G4-EN22~24	Waste Water Discharge and Management	V	V (Client, Community)

Category	Material Consideration	GRI Indicators	Articles of Reference (page Code)	Within Organization	Outside Organization
				KYEC	
Society	Employment Relation	G4-LA1~3	Principle of Recruitment and Employment (P55)	V	V
	Labor/Management Relation	G4-LA4	Measures for Parental Leave without Pay (P64)	V	—
	Employee diversity and equality opportunities	G4-LA12	Legitimate employment plan for physically and mentally disabled.	V	V
	Equal pay for men and women	G4-LA13	Competitive salary (P61)	V	—
	Training and education	G4-LA9~11	Educational training (P71)	V	V (Contractor, Community)
	Supplier subject to human rights assessment	G4-HR11	Procurement measures for minerals of conflict	V	— (Supplier)
	Local Community	G4-SO1~2	Social participation (P74) and industry-academic cooperation win-win mechanism	V	V (Community)

# Corporate Governance

## 1. Corporate Governance Framework



## 2. Key Department Functions

Chairman's Office	Organizing and responsible for corporate operational decisions and responsible for the establishment, maintenance and execution of internal audit system.
President's Office	The formulation of corporate operational objectives and strategies, control of corporate management plan and annual guidelines, company quality policy formulation, communication, coordination, and supervision of company departments.
Business Centers (including Taiwan Sales Division, North America Sales Division, Europe and Southeast Asia Sales Division, Japan Sales Division, and Customer Engineering Division)	Responsible for understanding the market, planning domestic and international market promotion, sales contract signing, providing forecast for assuring production schedule meeting customer required delivery conditions and annual marketing plans, customized engineering for solutions and new product introduction.
Manufacturing Center	Drafting and execution operational plans to achieve profitability and meet objectives for sales revenue. Responsible for financial and operational effectiveness. Responsible for maintaining relationship between major customers and partner. Promoting and executing customer requirement by promoting and executing projects in production line. Balance between vision and operational purpose.
Testing Division 1	Responsible for supervising and assessing the accomplishment of department performance, production control and meeting shipment requirement, test technology development and introduction, product quality control and providing customer with superior testing environment and excellent testing quality.
Testing Division 2	Responsible for the processing and manufacturing operations for IC test, polishing, cutting and assembly; the production, delivery and quality control operation of order; the improvement on production technology and establishment of standard operations; evaluation, introduction and maintenance of production equipment, jig, measurement tools; responsible for supervising and assessing the accomplishment of departmental performance.
Testing Division 3	Providing IC finished product logic and mixed signal testing, responsible for supervising and assessing the accomplishment of department performance, production control and meeting shipment requirement, test technology development and introduction, and product quality control.
Testing Division 5	Responsible for supervising and assessing the accomplishment of department performance, production control and meeting shipment requirement, test technology development and introduction, and product quality control.
Tong-luo Manufacturing Center	The drafting and execution of operational plan for Tung-luo factory area is intended to meet the profit rate and objectives of sales revenue; the center is responsible for the financial and operational performance with responsibility in maintaining excellent relations with major clients and partners; promoting and executing customer demand in production line to realize the promotion and execution of project planning, thereby maintaining the balance between vision and purpose of operations.
Testing Division 6	Providing customers with back-end memory testing service, production control and meeting shipment requirement, test technology development and introduction, and product quality control.
Manufacturing Technology and Information Division	Planning, designing and developing the automation equipment and manufacturing management information system needed for the manufacturing process of all business divisions, providing various supports for manufacturing process and boosting manufacturing productivity.

R&D Center	Designing and executing R&D strategy, consolidating and controlling R&D resources, integrating and promoting inter-group R&D projects, and steering key R&D projects.
Testing Development and Integration Division	New test technology development and integration related to corporate R&D strategy, proprietary platform test application development, providing customer with complete test solutions with introduction into mass production, and solving the bottleneck problems of production line in RF, CIS, Memory and other product production to improve engineering competitiveness.
Advanced Test Technology Development Division	PCB design manufacturing and simulation technology, new testing technology development, system diagnosis technology development, KGD testing technology development, automation testing program production and transformation system development, new testing platform interface design and manufacturing.
Factory Automation Division	Executing and establishing testing environment, developing the accessories and peripheral testing application technology needed for the production.
Burn-in & Test Application Development Division	Product development, equipment assembly inspection and maintenance, burn-in testing development, production stability improvement on production line.
System Product Division	Self-assembled machinery tester, Burn-in Oven equipment production and maintenance, improvement on the production stability of production line.
System R&D Division	Proprietary testing platform system /equipment upgrade, proprietary testing platform function extension.
Administration Center	Integrating group administrative resources, supporting group operation, using minimum costs to maximize profits for the company.
Facility Division	Responsible for the design, construction and maintenance of facility.
Labor Safety and Risk Management Division	Responsible for the risk assessment and planning/execution of environmental safety and health services in factory area.
Tung-luo labor safety and risk management Division	Responsible for the risk assessment and planning/execution of environmental safety and health services in Tung-luo Factory area.
Information Technology Division	Responsible for the design, promotion, review, and improvement on corporate information system, and the regulation and supervisor on long-term information system.
Human Resource Division	Responsible for the drafting, review and revision of human resource development plan of the company.
Material Division	Responsible for the procurement, inventory management issues of raw materials and equipment of the company.
Quality Reliability & Assurance Division	Consolidate the upgrade of company product quality, formulation of quality strategy, improvement on quality system, and execution and control of instrument, equipment and documents.
Planning Division	Consolidate the company legal affairs and promotion of knowledge and management platform, with responsibility in the maintenance and management of corporation-investor relation, and control of media interaction and public relations.
Accounting Division	Consolidate company tax affairs, generalization, and cost accounting.
Finance Division	Consolidate company stock affairs and fund procurement.
Worldwide Business Divisions	Review and evaluate the feasibility of overseas investment project with design for executing, coordinating, and supporting overseas operational resources, staffing department for dispatching personnel overseas, coordination and contract with overseas subsidiary, and execution of operational policy and objectives.

### 3. Board of the Directors

#### Organization of the Board of the Directors

The Company selects nine directors (including three independent directors) according to Company Act, articles of association and KYEC Director Election Guidelines in addition to calling for Board of Director Meetings routinely. The Board of the Directors serves as the highest decision-making unit of management and exercises rights in accordance with Company Act, Security Exchange Act and, articles of associations as well as other regulations with responsibilities in reviewing corporate management guidelines, annual sales plan, profit distribution, and appointing company managers. To establish an excellent Board of Director Governance system, sound monitoring function, and strengthening of management function, the company develops the Board of Director meeting procedures and rules pursuant to Paragraph 8, Article 26-3 of Security Exchange Act and the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies.” The term of this Board of the Directors lasts from June 8, 2017 to June 7, 2020.

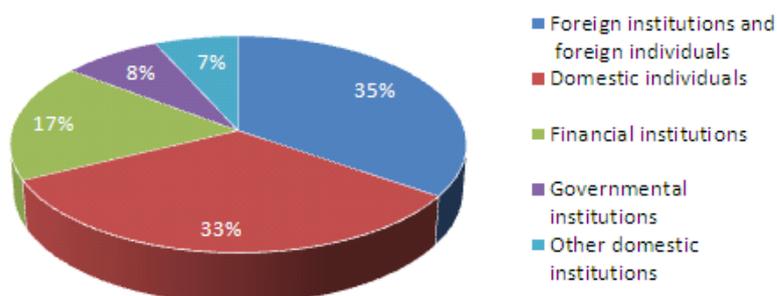
Members of Board of the Directors, their major experience, education and part-time functions are described below:

Title	Name	Elected Date	Term	Major Experience (Education)	Other functions currently serving at the company and other companies
Chairman	C. K. Lee	2017.6.8	3 years	Bachelor Degree KYEC General Manager	CEO Director of DL Tek Chairman of KYEC Investment International Co.,Ltd. Chairman of KYEC Technology Management Co.,Ltd. Chairman of KYEC Microelectronics Co., Ltd. Chairman of Sino-Tech Investment Co.,Ltd. Chairman of Strong Outlook Investments Limited Chairman of King Long Technology Chairman of Zhen Kun Technology Independent Director of Quang Viet Enterprise Co., Ltd.
Vice Chairman	Chi-Chun Hsieh	2017.6.8	3 years	Bachelor Degree Physician	Physician
Director	A. H. Liu	2017.6.8	3 years	PhD Degree President of Intematix Technology Center Corporation	President Chairman of KYEC USA Corp. Chairman of KYEC SINGAPORE PTE. LTD. President of King Long Technology President of Zhen Kun Technology
Director	Yenyuan Investment Co., Ltd	2017.6.8	3 years	—	—
	Representative, Zhao-Rong Tsai	2017.6.8		MBA CPA CTBC Vice President/ President for Grand Cathay Securities Corporation /President for Siliconware Precision Industries Co., Ltd.	President of Yenyuan Investment Co., Ltd.

Title	Name	Elected Date	Term	Major Experience (Education)	Other functions currently serving at the company and other companies
Director	Kao-Yu Liu	2017.6.8	3 years	PhD Degree Chairman of Liang-Cheng Construction	Chairman of Liang-Cheng Construction
Director	Kuan-Hua Chen	2017.6.8	3 years	Master Degree Supervisor of Weikeng Industrial Co., Ltd.	Supervisor of Weikeng Industrial Co., Ltd.
Independent Directors	Da-Ye Huang,	2017.6.8	Years	PhD Professor for Department of Finance, National Taiwan University Director for NTU Center for the study of Banking and Finance Director and Dean for Department of Finance, National Taiwan University	Member of Audit Committee and Salary and Remuneration Committee Chairman for McBorter AFMA/Chairman and Dean for APEL/Chair Professor for Renmin University of China Suzhou Campus /Independent Director for DBS (Taiwan) Independent Director for Chailease Holding.
Independent Director	Hsien-Tsun Yang	2017.6.8	3 years	Bachelor Degree Executive Deputy Editor-in-Chief of China Times	Audit Committee Coordination and Salary/Remuneration Committee Member
Independent Director	Hui-Chun Hsu	2017.6.8	3 years	Master Degree Physician	Audit Committee and Salary/Remuneration Committee Members Physician

#### 4. Shareholder Structure

2017 Shareholding Ratio:



## 5. Salary/Remuneration Committee

### Functions of Salary/Remuneration Committee

To improve the director and manager salary and remuneration system of KYEC, the company develops the articles of association for this Salary and Remuneration pursuant to the provisions prescribed in “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Stock Exchange or Traded over the Counter.” The main functions of Committee include the follows:

- (1) Routinely review the articles of association for Salary/Remuneration Committee and propose suggestions for revision.
- (2) Develop and routinely review the performance objectives of directors and managers as well as the policy, system, standards, and structure of salary remuneration.
- (3) Routinely evaluate the accomplishment of performance objective for directors and managers in addition to suggesting the content and amount of individual salary and remuneration.

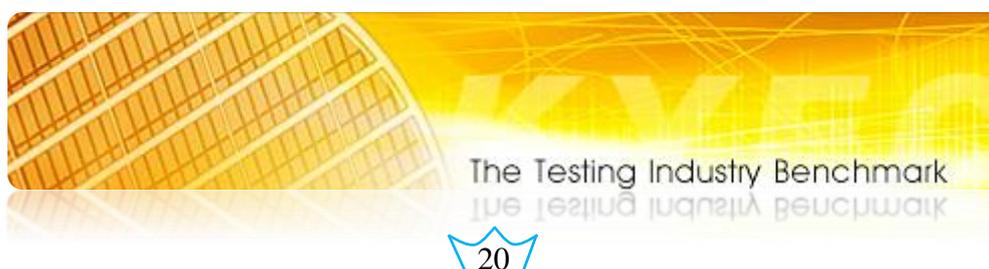
### Operations of Salary/Remuneration Committee

The Salary/Remuneration Committee this year consists of four members, including three independent directors and one independent personnel. The number of committee members may not fall below three with one of them being the coordinator.

The third Salary/Remuneration Committee of KYEC consisted of four committee members. The term of committee member is between June 19, 2017 and June 7, 2020.

The 2017 Salary/Remuneration Committee meeting was called three times with the following attendance by the committee members:

Title	Name	No. of Actual Attendance	Actual Attendance Rate(%)	Remarks
Convener	Xiang-Cun Yang,	3	100	Convener and Chairperson (Renewal) Appointed on 2017.6.19
Convener (Previous)	Xi-Zhe Shen	2	100	Previous (Tenure expired on 2017.6.8).
Member	Da-Ye Huang,	1	100	Appointed on 2017.6.19 (New)
Member	Hui-Chun Xu	2	66.67	Appointed on 2017.6.19 (Renewal)
Member	Cong-Qi Huang,	3	100	Appointed on 2017.6.19 (Renewal)



## 6. Audit Committee

### Functions of Audit Committee

The Company established the Audit Committee in 2014 pursuant to the Security Exchange Act and the resolutions of general shareholders' meeting. The Board of the Directors also developed the "Audit Committee Organization Articles of Association" to maintain better decisions and organization execution, constantly enhancing corporate management efficiency and implementing corporate governance through realistic actions. KYEC Audit Committee is called for at least once quarterly to bring the supervision effect on the various scopes of corporate governance and corporate operational development into full play, thereby implementing corporate governance, sound supervisory function and strengthening management scheme. The Audit Committee members will also help investor with assurance of company reliability in terms of corporate governance and information transparency, thereby protecting the rights and interests of the shareholders.

### Operations of Audit Committee

The 2017 Audit Committee called for five times meetings with the following attendance by committee members:

Title	Name	No. of Actual Attendance	No. of Appointment of Proxy for Attendance	Actual Attendance Rate(%)	Remarks
Independent Director (Renewal)	Hsien-Tsun Yang	5	0	100.00	Convener and Chairperson (Renewal) Reelection upon expiration of tenure on 2017.6.8
Independent Director (Previous)	Shi-Jer Shen	2	0	100.00	Discharge upon expiration of tenure on 2017.6.8
Independent Director (Renewal)	Hui-Chun Hsu	4	1	100.00	Reelection upon expiration of tenure on 2017.6.8
Independent Director (New)	Da-Ye Huang,	3	0	100.00	Reelection upon expiration of tenure on 2017.6.8

## 7. Internal Audit Organization and Operation

The organization structure of KYEC adopts the organization chart announced by the Human Resource Division as the internal organization structure, where the titles, appointment and dismissal of managers shall be processed according to Article 17 of Articles of Incorporation and the relevant provisions stipulated in Article 22 of Securities and Exchange Act as well as company rules.

### (1) Audit Plan

- Annual Plan: The Internal Audit Department will draft the annual audit plan for the following years according to the laws and regulations and the internal/external management environment for the company as well as the results of risk assessment, which shall be proposed to the Board of Directors for resolution and adoption before actual execution.
- Profit Audit: The Chairman, Board of Directors or manager of Audit Office shall assign auditor to execute the project-based audit process according to the actual condition and operation requirement.

### (2) Audit Process

- Conduct auditing on the items from the audit plan and prepare the flaws and anomaly matters discovered from the audit into an audit report for submission.
- Conduct quarterly follow-up on the audit discoveries and suggestions. Prepare a follow-up report on the execution and performance of the follow-up and improvement on suggested matters to assure the relevant departments have taken proper improvement measures on a timely basis.
- Re-audit the voluntary inspection report from the internal control system of all departments and subsidiaries and consolidate with the internal control flaws discovered and anomaly matters for improvement as the main reference for the Board of Directors and President in the evaluation of the validity of overall internal control system and the presentation of statement of internal control system.
- The manager of Audit Office will attend the Board of Directors meeting and report to the directors for the status of internal audit plan execution.

## 8. Employee Code of Ethics and Conducts

In recognition of the guidance of competent authority for the directors and managerial officers of TWSE listed and TPEX listed companies in Taiwan to act in line with the codes of ethical conduct and help KYEC stakeholders better understand the ethical standards, KYEC has developed the “Code of Ethics and Conducts” in accordance with the “Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies.” The Guidelines were adopted by the Board of Direction meeting on April 28, 2015

KYEC shall avoid directors or managers involving the following matters...

1. Private interests using company property, information of convenience with the position. ...
2. Acquire private interest using company property, information or position. ...
3. Competing with the company: When the company is likely to profit from competition, directors or managers are responsible for increasing the legitimate and proper interests to be acquired by the company. ...

**Responsibility of confidentiality** ...

The directors or managers shall be held responsible for the confidentiality of KYEC or the information of buying clients (selling clients), with the exception of those authorized or regulated by law for publication. The information includes all undisclosed information that could be used by competitors or could damage the company or clients upon leakage. ...

**Fair Trade** ...

Directors or managers shall treat the company buying (selling) clients fairly, competitors and employees and may not make false statement or other unfair trading to certain matters due to the manipulation, concealing, abusing or information acquired from the position, thereby to acquire illicit profits. ...

**Protect and properly use corporate assets** ...

The directors or managers are responsible for protecting the company assets and assure the legitimate use on official affair, which theft, negligence, or waste could directly affect the profitability of the company. ...

**Compliance with laws and regulations** ...

The Company shall strengthen the compliance of Securities Exchange Act and other laws and regulations. ...

**Encourage the reporting of any illicit conducts or conducts violating code ethical conducts** ...

The company shall strengthen internal concept of ethics propaganda and advocate employees to report to independent directors, managers, internal audit supervisor or other proper staff when suspecting or discovering any violation of laws and regulations or conducts in violation of best practice of ethical conducts. To encourage the employees to report violations, the Company shall offer specific reporting system and help employees familiarize with the concrete efforts in protecting the safety of informers that will avoid revenge. ...

**Discipline**

In case the  
informat

For more information please refer to:

Market Observation Post System: <http://mops.twse.com.tw/>

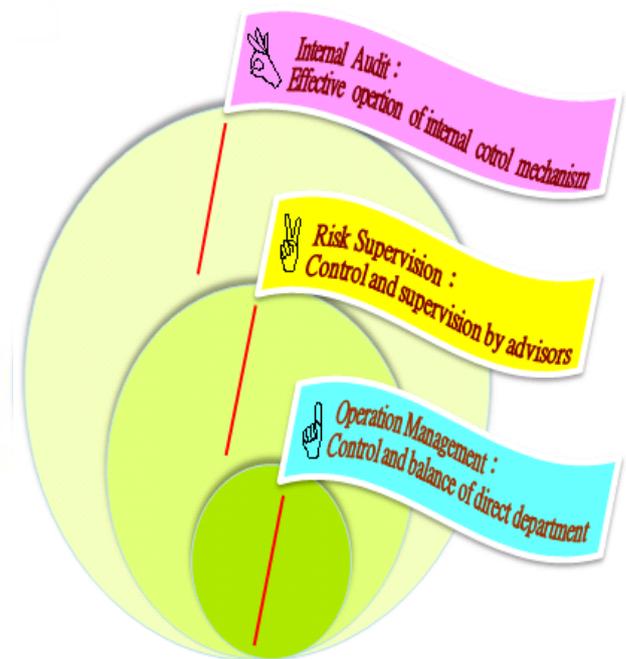
## 9. Implement Philosophies of Integrity Management

In recognition of the competent authority's intention to establish the reference framework of excellent business operations in TWSE/TPEX Listed Companies and assist enterprise with establishing integral corporate culture for sound management, KYEC develops the "Ethical Corporate Management Best Practice Principles" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and actual corporate operations. The Board of Directors have adopted the principles at the resolution of BOD meeting on April 28, 2015 while the Internal Audit of Chairman Office serving as the special department responsible for the formulation, supervision and execution of ethical management policy and prevention solutions.

<b>Scope of Regulation</b>	All employees of KYEC, KYEC subsidiary and group companies (managers, employees, and consignors).
<b>Regulatory Conducts</b>	<ol style="list-style-type: none"> <li>(1) Bribery, receiving gifts for bribery, providing illicit political donations, charity donation or sponsoring and providing unreasonable gifts, reception, improper interests.</li> <li>(2) Avoid trading with parties showing records of unethical conducts.</li> <li>(3) Avoidance of conflict of interests between the directors, managers and company.</li> </ol>
<b>Special Department in Supervision and Execution</b>	Internal Audit of Chairman Office
<b>Information Disclosure</b>	Strengthen the performance of disclosure on ethical management information on company website.

### 10. Risk Strategies and Responses

KYEC applies the management model of three defenses for risk management to build establish complete and rigorous risk control operations. The Board of Directors is responsible for the supervision of risk control mechanism, regulations related to control and review, and review on key risk report. The scope includes multiple dimensions to facilitate the effective identification, measurement and response management of various risks.

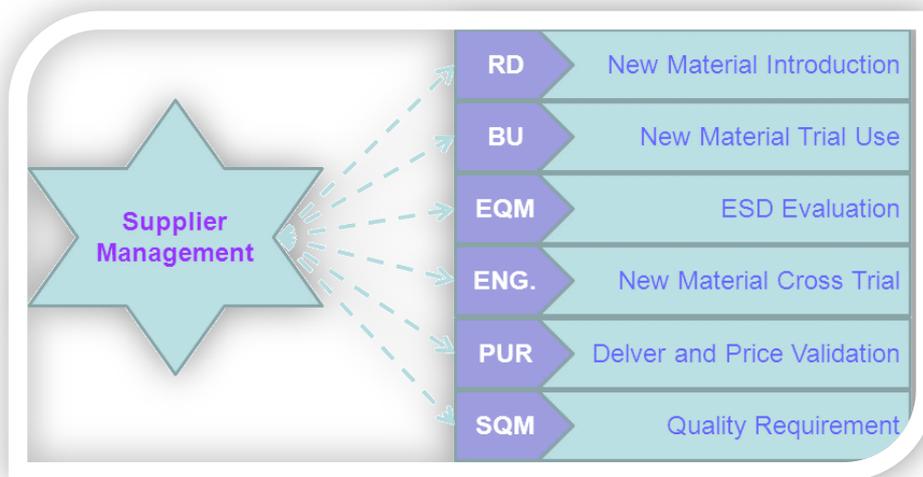


Risk items and coping strategies are shown in the following table:

Scope	Risk	Coping Strategy
Financial Risk	Interest rate fluctuation	Interest expense in interest rate and exchange rate fluctuation has greater impact on the loss/profit of the company and hence the Company should collect daily interest rate change to timely take proper response actions.
	Exchange rate fluctuation	<ol style="list-style-type: none"> <li>1. The capital expense mainly consists of import equipment. To reduce the impact of exchange rate fluctuation against the profits, the company reaches agreement with major customers to pay some account receivable in USD.</li> <li>2. Develop the acquisition or disposition of asset disposition procedure according to Article 12 “Procedure in Disposing Acquired or Disposed Derivative Product” as the basis of risk avoidance tools in foreign exchange and thereby lower the impact of exchange rate fluctuation against profits</li> <li>3. Collect daily interest rate change to timely take proper response actions.</li> </ol>
Supplier Risk	Quality Change	Based on the trading amount & abnormal rate to define Level 1 and Level 2 material. The supplier performance of Level 1 material shall be evaluated monthly while The supplier performance of Level 2 material shall be evaluated quarterly to supervisor the quality stability of suppliers.
	Material Shortage	Suppliers borrowing or relocating materials from his clients, peer industries borrowing or relocating materials from each other, clients provide customer materials transfer of materials to second supplier, and transfer to alternative materials.
Environmental Risk	Energy Resource Management	Uphold to the philosophy of “Sustainability” and integration with upstream/downstream suppliers, the company sustains the use of energy resources through the concept of “green production.” Use low-pollution, energy-saving and less-waste green concept to constantly invest in manufacturing technology and productivity.
	Greenhouse Gas Reduction	The struggle against climate change and global warming is one of the most important eco-friendly issues faced by enterprises today. Conducting continuous footprint and greenhouse gas inventory each year with energy-saving measures will help the company accomplish the objective in greenhouse gas reduction.

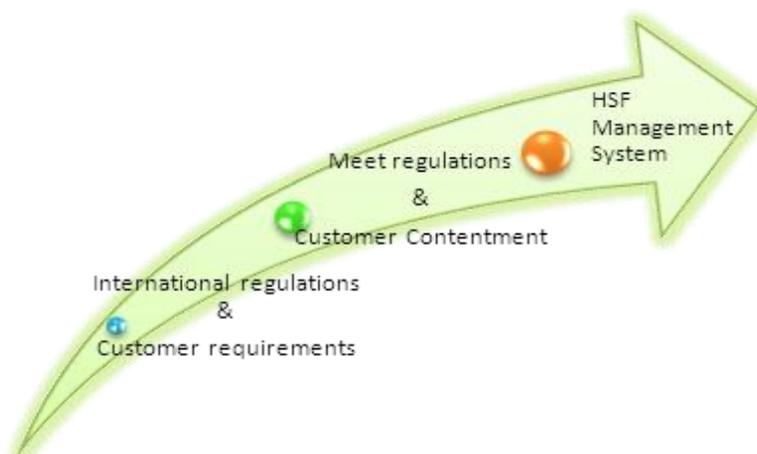
## Supply Chain Management

KYEC values supply chain risk management and regards it as part of the corporate competitive advantages. In a global world, any material natural disaster or accident could have influence on the company. Hence KYEC requires suppliers to comprehensively improve their capacity in the autonomous management of supply chain risk and take initiative in providing assistance. The focus of corporate attention and requirement include the follows: Strengthen the environmental protection and quality management system of suppliers, green purchase, supplier audit and consoling, and green operation vision.



### 1. Green Products and Quality Management System

To assure the packaging products used by the company including environmental associated substance in conformity with international laws and regulations and meet additional special requirement from customers, and reduce the impact of packaging materials on the environment. KYEC has developed non-hazardous substance policy according to the senior management meeting and apply the applicable promotional practice (i.e. meeting, QC080000, E-mail, and training) so that all employees can understand and care about the execution status of team performance.



## (1) Green Supplier Chain Management system(GSCM)

## (1-1) KYEC followed IECQ-QC 080000 international standards in establishing green

product management system to require the packaging material supplier to send test report each year, assuring the products content free from RoHS 2.0, Halogen Free, updating SDS in every 3 years, and requesting suppliers to sign REACH SVHC & SONY SS00259 international requirement of guarantee letters. This system allows KYEC to immediately and effectively validate if the suppliers meet customer requirement in substance requirement by grasping the information on the execution effect of green supply chain at all time.

## (1-2) During the packaging material procurement stage, the system follows “Environmental Quality Control Substance Operation Procedures” to validate all packaging materials are in conformity with RoHS 2.0 (2011/65/EU), REACH-SVHC, Halogen-Free, Sony SS00259 Material Level, EU Packaging and Packaging Waste (PPW), additional requirement of customer restriction of hazardous substance use.

## (1-3) To assure corporate social responsibly and implement green regulatory requirement and philosophy in our suppliers and partners, KYEC suppliers must update by law and sign the RBC Code of Conduct, Reach SVHC, SONY SS00259 guarantee letters and “Supplier’s Letter of Guarantee for Non-Use of Prohibited Substance” one by one, and explicitly and fully disclose such information on green supply chain management for suppliers to follow.

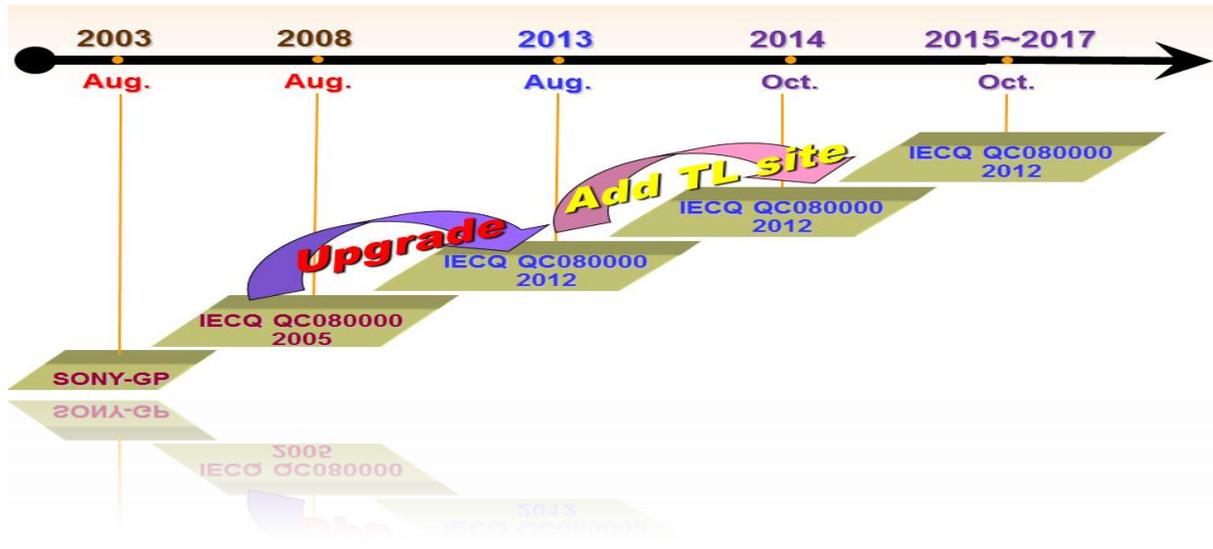
## (1-4) KYEC adopts three directions for packaging materials to conduct hazardous chemical substance management. In pursuit of environmental sustainability and reduction of pollution from packaging materials to the environment, KYEC implements the “supply chain management,” “routine X-ray florescent light analysis,” “promotion communication,” “compliance with international laws and regulations” and other green packaging material policy.

KYEC cooperates with hazardous substance management to further upgrade green competitiveness and become a distinguished green enterprise.



(2) Evolution of Green Hazardous Substance Certification

KYEC acquired the SONY Green Partner Certification in 2003, was certified by QC080000 (IECQ 2005) hazardous substance process management system standards in 2008. KYEC acquire 2012 version conversion certification in 2013 and added qualification certificate for Tung-Luo Factory in 2014. Currently KYEC still maintains valid qualification certificate.



## 2. Green Procurement

KYEC met green procurement amount of NTD 44 million in 2014, NTD 49 million in 2015, NTD58 million in 2016, and the NTD 56 million in 2017. The implementation of green procurement policy accomplished energy saving, carbon reduction, and lowering operational costs.



To fulfill the responsibility of global citizens, KYEC actively cooperates to devote in green procurement. Currently apart from procuring green marked products certified by the Government, we also take factors such as power saving, operational performance, energy saving and water saving, and life cycle into consideration for the procurement of equipment and promotion of relevant improvement projects. Hence the green procurement defined by KYEC is equipped with “energy saving, carbon reduction, waste reduction, and products, technology and services reducing impact on the environment.” The standards of green procurement recognized by the company are described below:

- Green products certified by the government, i.e. products with green, energy-saving or power-saving marks.
  - Conform to the laws and regulations specified by foreign governments (i.e. EU RoHS, WEEE), or products with green marks and permission for use.
  - Require equipment suppliers to take consideration of water saving, power saving, and consumable saving when designing and producing the equipment. All equipment suppliers shall verify the energy performance of relevant equipment operations in conformance or perform better than the procurement contract.
- (3) Cooperate with company green policy by conducting green procurement propaganda in step with the supply chain to integrate green supply chain in providing services to customers.
- (4) Non-Hazardous Substance Management

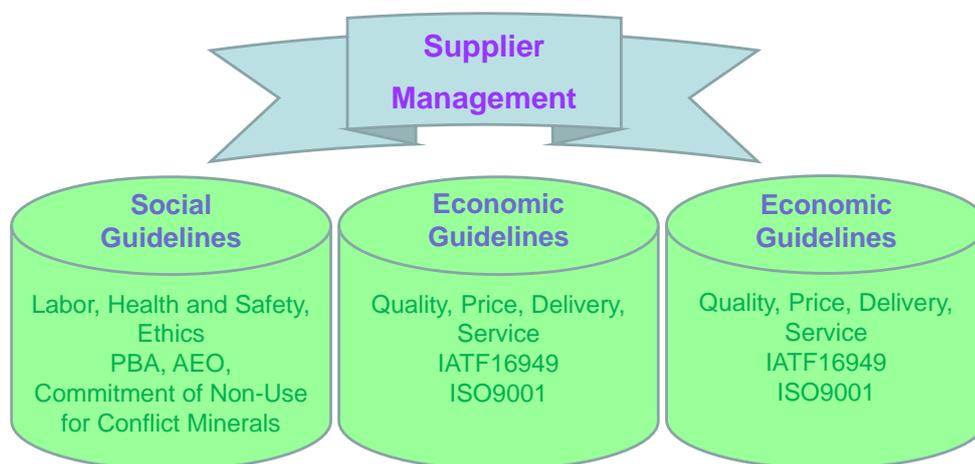
KYEC also values product quality and environment with commitment in the control of hazardous substance in products. KYEC acquired SONY green partner certification in 2003 and was certified by IECQ QC 080000 in 2008.

According to the senior management meeting, the Company shall apply proper propaganda (i.e. meeting, bulletin/board, e-mail, and training) to the formulation of non-hazardous substance policy to help all employees understand and pay attention to about the execution of team performance

### 3. Suppliers

KYEC aims to meet customer satisfaction as the ultimate objectives and its management philosophy is projected to work closely with suppliers. Under the corporate social responsibility in a globally intense supply chain, the Company is devoted to promote corporate social responsibility to the affiliated supplier groups with the following key issues:

- Quality and product safety assurance.
- Green procurement.
- Compliance with laws/regulations and social norms.
- Assure the information security of suppliers.
- Commitment of performance in Electronic Industry Citizenship Coalition Code of Conduct (abbreviated as EICC).



#### (1) Supplier Selection

To assure the capacity of upstream and downstream suppliers to perform corporate social responsibility, KYEC follows the following standards as primary reference for selecting suppliers. Moreover, new suppliers shall submit and sign the “Supplier Questionnaire Evaluation Survey,” “Raw Material Supplier Evaluation,” “Supplier’s RPA CODE,” and “Supplier’s Warranty Letter of Non-use of Prohibited Substance” forms as the reference for evaluation review. KYEC also evaluates the suppliers in terms of quality, delivery, price, and services on a monthly basis:

Suppliers with outstanding evaluation results shall be listed as partners of priority for KYEC. In case the evaluation result does not conform to the KYEC system requirement or suppliers have poor historic records, KYEC will take more precaution in including such suppliers in the list of qualified suppliers during the selection process.

#### (2) Supplier Management

KYEC is committed to the maintenance of long-term cooperation with domestic or foreign suppliers by co-establishing a sustainable supply chain with stable development. Apart from considering the product

quality, delivery and price from the suppliers, KYEC also advocates the suppliers to implement green environment, improve safety and hygiene, value human rights, and collectively fulfill the corporate social responsibility in addition to preparing for risk management and operational sustainability plans.

KYEC requires all suppliers to strictly comply with quality management system, environmental safety and hygiene management system, and Authorized Economic Operator appraisal. The supplier procurement procedures require the review on supplier criteria, including company profile, relevant certificates, quality certification records, environmental safety and hygiene management survey, operational status, product information, manufacturing procedures, raw materials / materials supplier and operation with continual finance management, signing of procurement obligation related contracts, supplier's Green Product Management, and supplier's social responsibility one by one. Moreover, the procedures require the suppliers to sign the commitment of performance in Electronic Industry Citizenship Coalition Code of Conduct for corporate social responsibility management.

To enhance the overall competitiveness of the supply chain, KYEC not only conducts routine supplier audit but includes supplier quality, cost, service level, environmental protection, work safety and technology as well as other factors into the items of evaluation. In addition to assuring the quality level, KYEC also helps suppliers to find the root cause to supply related anomaly issues, providing necessary counseling when needed so that KYEC's supplier chain can be maintained at the best competitiveness.

(2-1) KYEC requires all suppliers to comply with quality management system, environmental safety and hygiene management system and AEO appraisal. KYEC reviews supplier criteria one by one through supplier procurement procedure, including the company profile, relevant certificates, quality certification records, environmental safety and hygiene management investigation, operational status (including main clients, main products, monthly delivery quantity, and percentage), product information, manufacturing procedure, raw material /material supplier and operation with continual finance management, signing contract related to procurement obligations, supplier's green GP management, and supplier's social responsibility. KYEC also requires suppliers to sign the Electronic Industry Code of Conduct (EICC CODE) with commitment in corporate social responsibility management.

(2-2) To assure corporate social responsibility and the requirement of green laws and regulations are implemented in our suppliers, KYEC requires our suppliers to sign back the "Electronic Industry Code of Conduct," "REACH SVHC" and "SONY SS00259) with explicit and full disclosure on green supplier management center for suppliers to comply.

## (2-3)Supplier Risk Assessment

Risk Factor	System Certification(A)	Delivery Capacity(B)	Supply Capacity(C)	BCP(D)
1	IATF16949 & ISO9001	The shortest delivery time of similar suppliers	Capacity supply can fully meet demand	Business continuity plan with uninterrupted supply of products
2	ISO9001 or Customer execution certification	Same supplier delivery date or customer specified supplier or no comparable supplier comparable	Capacity supply can meet demand or customer specified supplier	Have an ongoing business continuity plan but not perfect
3	No certificate	The longest delivery time of similar suppliers	Capacity supply cannot guarantee demand	No business continuous plan

Risk Level (R) :  $R = A * B * C * D$

(1)  $1 \leq R \leq 18$  Low-risk supplier: Normal procurement transactions can be carried out.

(2)  $24 \leq R \leq 81$  High-risk supplier: In one year after the transaction date, monitor the delivery quality/lead time and other transaction status, or reduce the frequency of purchasing from high-risk suppliers

## (2-4)Requirement for Supplier Management

AEO is the abbreviation for Authorized Economic Operator and is also known as “Quality Enterprise.” Quality Enterprise refers to owners helping custom meet safety measures with certification. Any operations related to international transport of consignment shall comply with WCO or equivalent supply chain security standards. Moreover, these enterprises recognized by the national custom bureau or representatives shall be certified into AEO.

The international anti-terrorism situations intensify increasingly and it is utmost urgent to enhance the security of international import/export goods. To improve the corporate competitiveness and strengthen the factory control over goods safety as well as the overall safety in upstream and downstream supply chains, the company implements supply chain process strengthening within the company, including the educational system, production operation, goods inbound and outflow, supplier safety education and audit. KYEC Chunan Factory has acquired the AEO certificate in 2012 and conforms to WCO (World Customer Organization) safety regulation certification so that product export process becomes even more convenient. KYEC completed Miaoli Tungluo Factory by the end of 2014 . The AEO certification for Tungluo Factory was completed on December 14, 2015.

KYEC’s Chunan Factory located in Miaoli has been awarded with AEO since 2012 and is also the first enterprise in Miaoli County certified by AEO. The factory has been entitled to fast and convenient custom clearance measures in recent years, which not only effectively shortens the custom clearance time for consignment but also offers faster delivery, convenient and safe consignment transport services to customers. The international key customers have shown substantial reliance and satisfaction in KYEC, promoting the steady growth of KYEC in recent years. The validity of AEO certificate for Chunan Factory was expired in 2015. The certificate was renewal on 10 May 2016. Tungluo Factory was certified by AEO on December 14, 2015.



AEO-Certificate-Chunan

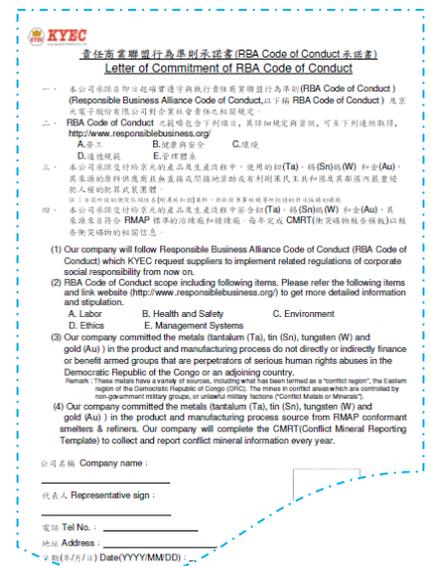


AEO-Certificate-Tungliao

(2-5) Procurement Measures for Conflict Minerals

RBA Code of Conduct established various standards. Responsible Business Alliance Code of Conduct (RBA CODE) standards to assure the work environment safety in the supply chain of electronic industries, where labor receives respect and dignity with responsibility of commercial operations to the environment.

In response to the international control and requirement for conflict minerals, KYEC strictly requests the suppliers not to use the conflict minerals produced in this region for the raw materials provided, in addition to listing this requirement in the Supplier's RBA code to assure the suppliers will not use conflict minerals in the effective supply chain management for materials supplied



(2-6) Supplier Audit

Suppliers of KYEC need to undergo routine evaluation and classification according to the amount of transaction between January and November and the types of materials and quality status scheduled for audit plan in the following year. SQM and relevant staff will conduct audit evaluation at the supplier's site and record the results in the "Supplier Audit Form" and "Supplier Audit Result Form," to assure the supplier's quality in conformance with KYEC requirement.

The quality system, environmental protection system, safety and hygiene management, and basic human rights and social ethics audit for suppliers of key materials through non-routine interview, meeting, site audit, and key counseling each year. In case of any defect, KYEC will immediately request suppliers to submit reasonable improvement objectives and schedule to assure the suppliers in conformance with the aforementioned requirement.



(2-7) Negotiation of Agreement Content

In the process of negotiating the contract content with suppliers, we uphold to justice and fair attitude.

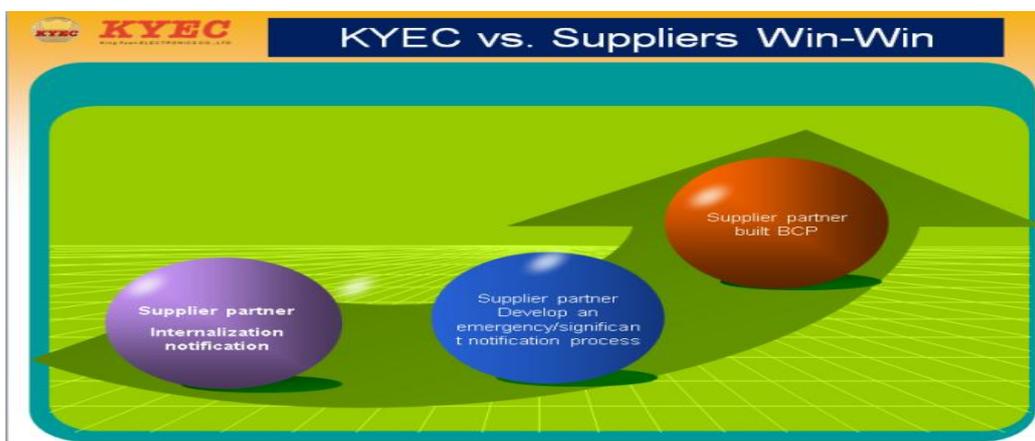
(2-8) Supplier Information

We will never disclose confidential information provided by suppliers for use with non-KYEC external personnel, unless otherwise agreed by the consensus and instruction of suppliers in written form.

(2-9) Communication Channels of Supplier

In addition to using mail and phone communication, KYEC also holds supplier assembly to acquire the common market views from the suppliers. Meanwhile KYEC calls for meeting routinely to discuss and search improvement methods for the product characteristics, specification and quality stability. This will contribute to the improvement on product quality and delivery efficiency of KYEC suppliers.

2017/3/3 KYEC held the “Supplier Communication Promotion Assembly,” which content of meeting includes: “Business Continuity Plan (BCP) Instruction, Supplier Material Accident Management,” “Supplier Material Accident Reporting Mechanism,” “and “EICC Educational Training (2018/01/01 renamed to RBA). In recent years, the overall Supply Chain faces with customer audit for “IATF16949,” “Supply Chain BCP,” “Supply Chain RBA” and other agenda, which has transformed from meeting customer demand to become the key factor for receiving order from customers. A total of 71 suppliers were invited, 69 suppliers attended the meeting. The participants included 90 people with a participation rate of 97%.





Senior Vice President Li acknowledged the speech



Experience passed down by Procurement Department Manager Lai



Fubon BCP (Business Continuity Planning) expert delivering the speech

#### (2-10) Supplier's Major engineering Project Change and Obligations of Notification

When suppliers voluntarily change internal engineering projects that are key matters of change, the suppliers will need to fill out the "Supplier Engineering Change Notification" and submit to KYEC for co-signing. The internal cosigning divisions of KYEC consist of the relevant divisions of the manufacturing center, quality assurance division, procurement division, supplier quality management division, and quality assurance office. The management division of suppliers shall reply the suppliers with the countersignature result.

#### (2-11) Order consistency

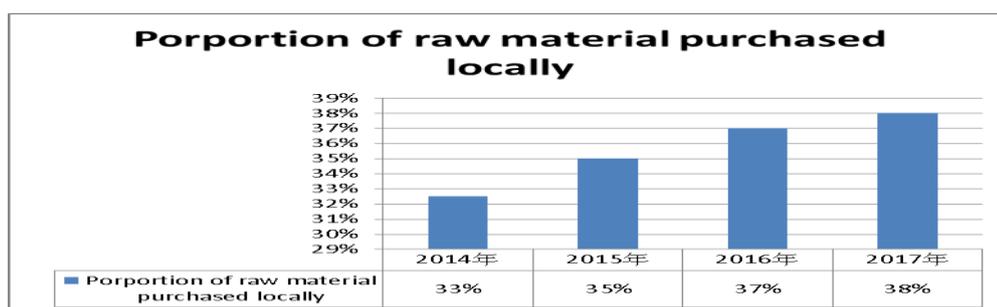
According to the direction established by the company, some mature products will outsource to downstream suppliers for production while products with high-precision and high added-value will be produced by the company. When the market changes and to maintain the normal productivity of suppliers, the company shall maintain certain ratio of production to external suppliers through coordination scheme in order to achieve co-existence and co-prosperity. To maintain order consistency, the company will take consideration of the production costs within its own plant and the production quality by suppliers in order to maintain the room for profits assigned to suppliers as well as the intent to long-term cooperation.

#### (2-12) Supplier Distribution

KYEC is devoted in maintaining long-term cooperation with domestic or foreign suppliers by establishing a sustainable supply chain with stable development. In addition to taking consideration of the quality, delivery and price of products from suppliers, KYEC also advocates suppliers to implement environmental protection, improve safety and hygiene, value human rights, and collectively

fulfill corporate social responsibility in addition to preparing for risk management and operational sustainability plan.

KYEC also actively promotes production localization in recent years and values the economic development of supply from Taiwan. The purpose is to reduce transportation costs, reduce carbon reduction, and diversify risks in addition to foster employment opportunities for local industries. In 2013, the procurement of raw materials from Taiwan has increased from 26.0% of previous year to 30.5%, increased to 32.5% in 2014 and 35% in 2015 and even increased to 37% in 2016. Upgraded to 38% in 2017 KYEC will continue to foster local Taiwanese companies and encourage foreign companies to set up plants in Taiwan in order to collectively reduce production costs and risk, and thereby enhancing competitive advantage.



Apart from constantly increasing localized procurement and improve quality objectives, KYEC will further advocate for close cooperation with suppliers in 2016 to introduce alternative materials made from place of origin and reduce single manufacturing place for raw materials in case of risk of materials shortage due to natural disasters and force majeure.

KYEC has long established a sound strategic high-tech product flow control process since 2013. The plant is committed to building explicit and effective corporate internal export control process, including autonomously building a blacklist of ICP (Internal control program) for upstream and downstream supply chain and establishing export control numbers and good correspondence list. The aforementioned ICP system is used with the international black list released by the Bureau of Foreign Trade to carry out G2B comparison of industry-government cooperation mechanism. KYEC also establishes company policy for this flow by listing the stance of the company in export control with stipulation of punishment and reporting mechanism that will implement the purpose of internal export control policy.

#### (2-13) Conflict Minerals Management

With regards to conflict mineral management, KYEC is obliged to fulfill its corporate social responsibly by complying with the conduct codes and relevant requirement developed by the Electronic Industry Citizen Coalition (abbreviated as EICC) and Global e-Sustainability Initiative (abbreviated as GeSI), as a member of the electric industry supply chain. KYEC also investigates on the supply chain and prepares into policy with commitment to not use conflict minerals from Republic of Congo or the surrounding countries. The “Policy on Non-Conflict Minerals” is described below: Conflict minerals refer to the gold, tantalum, tungsten and cassiterite that have been, mined and marketed in the mining fields in the territory of Republic of Congo and neighboring countries under

the control of armed groups. The mining or control of abovementioned minerals often leads to serious issues in human right, race, and illegitimate interests, and hence as a member of the global village, KYEC is committed to the following:

- KYEC will not procure conflict minerals produced from conflict zones.
- KYEC is devoted to request upstream and rater material suppliers to refuse using conflict minerals from conflict zones with the presentation of letter of commitment.

To assure the suppliers on the supply chain comply with this policy, KYEC has requested all suppliers supplying electronic materials to KYEC to fill out the “RBA Code” in case any of the substance inside the product could possibly contain conflict mineral. Meanwhile suppliers shall provide the list of metal refinery plants approved by RBA and GeSI to assure the products will not use any conflict mineral from the aforementioned areas. All suppliers of KYEC, including materials consisting gold, tantalum, tungsten and cassiterite have signed the “RBA Code”

#### 4. Green Logistics and Vision

KYEC owns the largest product distribution fleet among all domestic industries, which have the most impact on the environment on waste gas emission and resource use during transport. In view of this, KYEC started taking active measures in GPS control over delivery vehicles in 2005 and advocated for the significance of idleness on the environment in 2013, informing the correct driving method that can save fuel costs, reduce packaging materials and recycling for supply chain, to gradually reduce adverse impact of logistics operations on the environment.

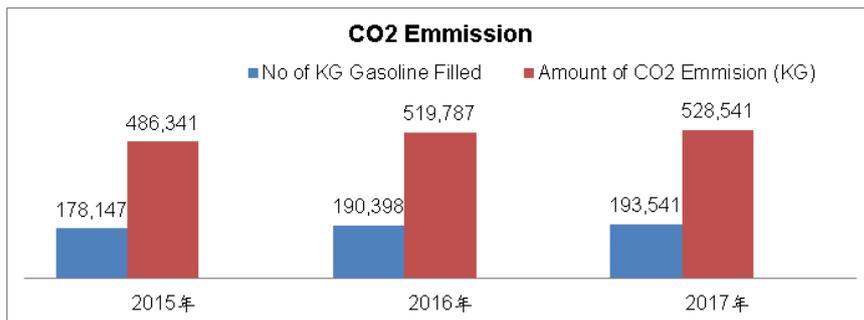


#### 5. Optimizing Pickup/Delivery Routes

KYEC improves transport efficiency, reduce transportation miscellaneous costs and cost wastes of unnecessary routes through rational design of vehicle routes, which effectively resolve the chaos of transport movement and mitigates traffic congestion to attain the social benefits of environmental protection.

#### 6. Idle and Fuel Statistics

The management division reviews the monthly fuel costs and idle status in addition to reviewing the best routes with integrated number of shifts and adjustment of vehicle schedule, in order to reduce the number of shifts and fuel costs, reduce CO2 emission, and thereby reducing impact on the environment. The 2017 CO2 emission was increased by 8,580 KG, up 2%, but was improved compared with the 7% increase in 2016.



	2015	2016	2017	Annual Increase	Annual Decrease
No of KG Gasoline Filled	178,147	190,398	193,541	3,143	2%
Amount of CO2 Emmission (KG)	486,341	519,787	528,541	8,580	2%

(1) GPS Control Delivering Vehicles

GPS allows the coordinators to control the routes of vehicles and the temporarily additional pickup operation in order to notify drives immediately for avoidance of repeated shifts and saving fuel costs.

編號	駕駛員/持有者	分類	回傳時間	定位位置	車況現況
1503-T6	張勝賢	3.5噸小貨車	2017/05/15 11:16:42	新竹市香山區【國3】104公里	102 km/h 向西南
619-Y7	蔡金亨	10.5噸中貨車	2017/05/15 11:16:40	台中市大雅區四德里中清路一段237-5號	31 km/h 向南
5475-RU	彭文正	3.5噸小貨車	2017/05/15 11:16:52	新竹市香山區正義路	38 km/h 向東
4868-B8	洪宙宏	3.5噸小貨車	2017/05/15 11:16:48	新竹縣寶山鄉科環路	60 km/h 向西南
ABN-2551	林銘璋	3.5噸小貨車	2017/05/15 11:16:34	新竹縣寶山鄉新竹系統交流道	95 km/h 向西南
AJN-8032	洪宙宏	3.5噸小貨車	2017/05/15 11:16:34	桃園市楊梅區【國1】74公里	99 km/h 向西
APT-2171	李增財	3.5噸小貨車	2017/05/15 11:16:16	苗栗縣竹南鎮中華路78巷29弄	熄火

(2) GPS Controlling Idleness in Delivering Vehicles

The management shall explain the importance of idleness for environmental impact to all drivers each month, informing them of correct driving methods to save fuel costs and monitoring the idleness in vehicles via GPS.

行程報表						
條件：[ 班別D ] 時間 2017/5/16 00:00:00 - 2017/5/16 23:59:59 怠速停留 3 分鐘以上 或 熄火停留 30 分鐘以上						
車號 / 駕駛： ABN-2539 / 李本全 日期： 2017/5/16 (二)						
時間	位置 / 狀態	里程	開車(含怠速)	怠速 停留	熄火 停留	
09:12	出車：苗栗縣竹南鎮中華路【京元電子中華一廠】附近29公尺					
09:12 - 09:14	苗栗縣竹南鎮中華路【京元電子股份有限公司(竹南分公司)】附近12公尺	0.09 公里	2 分			
09:14 - 10:02	苗栗縣竹南鎮中華路【京元電子股份有限公司(竹南分公司)】附近12公尺				48 分	
10:02 - 10:29	新竹縣竹北市復興三路二段【立】附近34公尺	23.43 公里	27 分	2		
10:33 - 10:35	新竹縣竹北市復興三路二段【立】附近103公尺	0.34 公里	2 分			
10:37 - 10:59	新竹縣竹北市博愛街【宜揚(ESSI)】附近31公尺	6.5 公里	22 分			
11:05 - 11:09	新竹縣竹北市博愛街646巷【慧榮科技】附近28公尺	0.48 公里	4 分	3		
11:16 - 11:42	苗栗縣竹南鎮中華路【京元電子股份有限公司(竹南分公司)】附近32公尺	24.15 公里	26 分			

## Environmental Management

### 1. Energy consumption and Management

#### (1) Energy Consumption

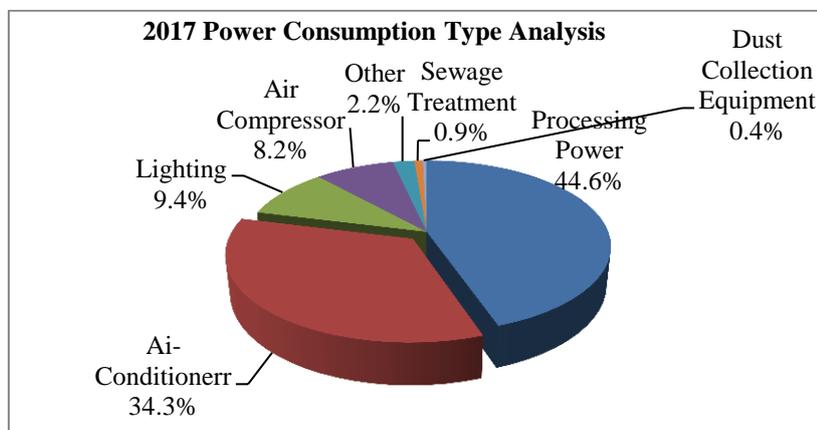
The main source of KYEC power consumption comes from the outsourced power of indirect energy, without using natural gas, gasoline or diesel as fuel for indirect energy. The 2017 power consumption was 529,578.8 MWh while processing power consumption accounts for 44.6% of total power consumption, followed by air-conditioning power consumption accounts for 34.3%.

**2017 Direct and Indirect Energy Use Statistics**

	Power (MWh)	Diesel	Gasoline	Natural Gas	LPG
KYEC Headquarters	27,619.0	0	0	0	0
Chu Nan Factory	406,382.1	0	0	0	0
Tungluo Factory	66,205.2	0	0	0	0
<b>Total</b>	<b>500,206.3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

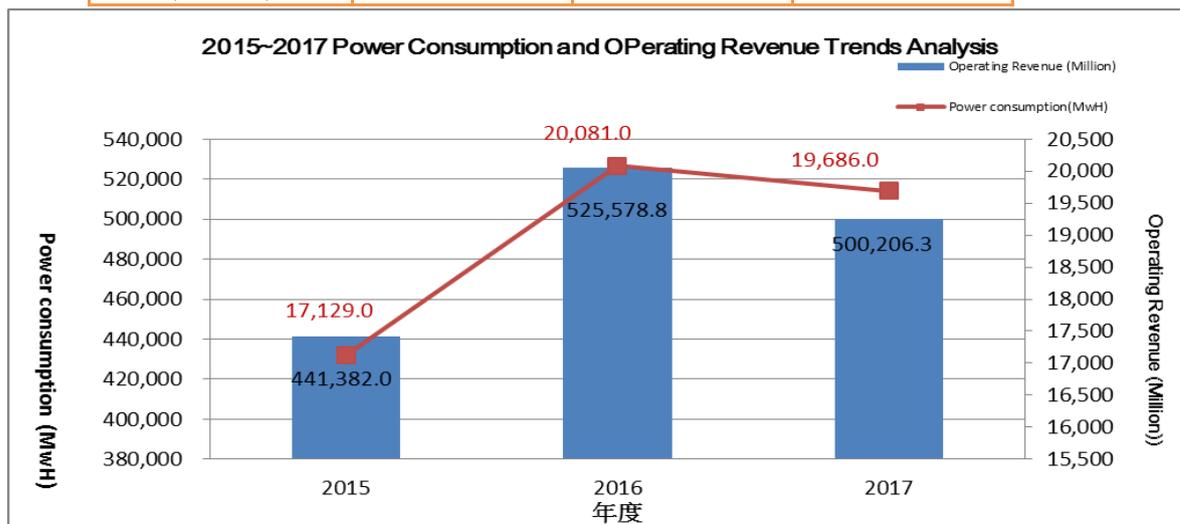
**2017 Power Consumption Distribution by Factory**

Factory/ Type	Power Consumption (MWh/Year)							Total
	Lighting	Ai-Conditioner	Air Compressor	Processing Power	Sewage Treatment	Dust Collection Equipment	Other	
Chu Nan Factory	44,702.0	146,297.6	32,510.6	178,401.7	2,438.3	2,031.9	0.0	406,382.1
Hsinchu Factory	1,394.9	9,206.3	4,463.7	11,996.1	279.0	0.0	279.0	27,619.0
Tungluo Factory	993.1	15,911.0	3,993.1	32,837.8	1,655.1	0.0	10,815.1	66,205.2
<b>Total</b>	<b>47,090.0</b>	<b>171,414.9</b>	<b>40,967.4</b>	<b>223,235.7</b>	<b>4,372.4</b>	<b>2,031.9</b>	<b>11,094.1</b>	<b>500,206.3</b>
<b>Ratio</b>	<b>9.4%</b>	<b>34.3%</b>	<b>8.2%</b>	<b>44.6%</b>	<b>0.9%</b>	<b>0.4%</b>	<b>2.2%</b>	<b>100.0%</b>



Following the official operation of Tungluo Factory in 2014 and annually increasing productivity, the 2014~2017 energy consumption and operating revenue trends are described in the following analysis:

2015~2017 Power Consumption and Operating Revenue Statistics			
Year	2015	2016	2017
Power consumption (MwH)	441,382.0	525,578.8	500,206.3
Operating Revenue (Million)	17,129.0	20,081.0	19,686.0



(2) Energy Management and Audit

KYEC incorporates departments of procurement, sales, quality management, and others through integrated energy saving organization framework to call for energy management meeting weekly, routinely trace the power use and energy-saving effect by factory, conduct energy department energy-consumption objective management and reduction, and expand the technical, experience and management system to all factories. The factories are installed with real-time monitoring system to organize, systematize, and simplify the energy management system, control the use of energies, and send personnel to treat and review the cause in times of anomaly. KYEC conducts regular equipment maintenance and repair, continue to evaluate equipment performance, replace energy-consuming equipment with new ones, and enhance energy-saving benefits. Moreover, KYEC introduces quality suppliers and experts to participate in the evaluation for improvement and adopt experience to boost the factory energy-saving effect.

Each year, KYEC applies IR-Scan technology to discover potential abnormal energy consumption with follow-up and improvement. Furthermore, the relevant environmental certification such as ISO14001 and ISO14064 integrates system and regulations into factory operation to establish proposition and improvement incentive mechanism so that personnel are encouraged to propose energy-saving and improvement proposal in order to receive bonus based on the effect.

In November 2016, KYEC launched ISO15001 energy management system to establish energy performance indicator (EnPI) and energy base (EB) in order to enhance the energy usage rate, reduce cost expenditure and lower environmental impact.

## (3) Energy-Saving Project and Benefits:

Power use is the main greenhouse gas emission source of the KYEC and also the most effective reduction proposal for energy and power saving. Hence apart from adopting administrative measures for reducing power use, KYEC also needs to emphasize on the overall power equipment such as air conditioner system to conduct energy consumption estimation, launch energy saving projects, effectively reduce power use, and attain the purpose of greenhouse gas reduction. The continuous implementation of power saving project by factory between 2013~2017 could save power by 32,163,555 KWh and reduce 16,757.21 tons of carbon emission.

Energy Saving Project and Improvement Effect by Factory

Item	Energy Saving Project	Implementing Factory			Energy Saving and Effect Evaluation	
		ChuNan Factory	Hsinchu Factory	Tungluo Factory	Energy Saving (KWH)	CO2 Reduction (Ton CO2e/Year)
1	Replacement of lighting fixture T8 with LED in clean rooms.	●			5,361,175	2,793.17
2	LED replacement for general lighting zone	●			232,750	121.26
3	LED replacement for common escape LED in factory	●			17,166	8.94
4	Ice water COP energy saving system	●			12,544,320	6,535.59
5	Ice water zone pump varying flow control	●			4,301,160	2,240.90
6	Cooling water flow change in PCW processing	●			536,112	279.31
7	Air conditioner in MDF computer room changed to inverter	●			171,000	89.09
8	Air exhauster operation in the bathroom	●			47,376	24.68
9	Improvement on air blower outside of air compressor	●			113,880	59.33
10	Temperature control for constant temperature and humidity zone	●	●	●	909,091	473.64
11	MAU energy saving improvement (water rinsing + hot pump)	●			3,081,818	1,605.63
12	Improvement on cutting, polishing and exhaust gate	●			349,147	181.91
13	Suspended use of 3F LV-13 transformer	●	●		35,040	18.26
14	Lowering 300kw of capacity in first feedback contract.	●	●		3,300	1.72
15	75HP vacuum replacement			●	35,185	18.33
16	New high-performance ice water main unit			●	289,440	150.80
17	300HP Air Compressor Replacemen			●	587,358	306.01

18	Dryer replacement new adsorbent	•		•	327,185	170.46
19	Replacing fin arrays of heat exchange for cooling tower.	•	•		699,525	364.45
20	Replacing the signage with LED lighting.	•			12,264	6.39
21	Covered scooter parking changed to LED lights	•			10,177	5.30
22	Phase out GeN2 passenger elevators and B elevators to generate voltage regeneration system	•			42,312	22.04
23	Cargo ladder installed with recycling system for energy saving	•			78,840	41.08
24	Cooling water tower installed with connection pipes	•			788,400	410.76
25	Factory bathroom 24-hour lighting changed to 32 LEDs		•		11,773	6.13
26	Replacing heat dissipating scale with temperature up to 5 degree		•		196,224	102.23
27	Water Towner Cooling Machine NO. 3 and 12000 RT Replacement (including the water valve, rack and scale).		•		16,337	8.51
28	CDA waste thermal recycling			•	170,000	88.57
29	Ice maker and vacuum device phased-out replacement solution			•	750,000	390.75
30	Changed DC FFU with surveillance system			•	445,200	231.95
Total					32,163,555	16,757.21



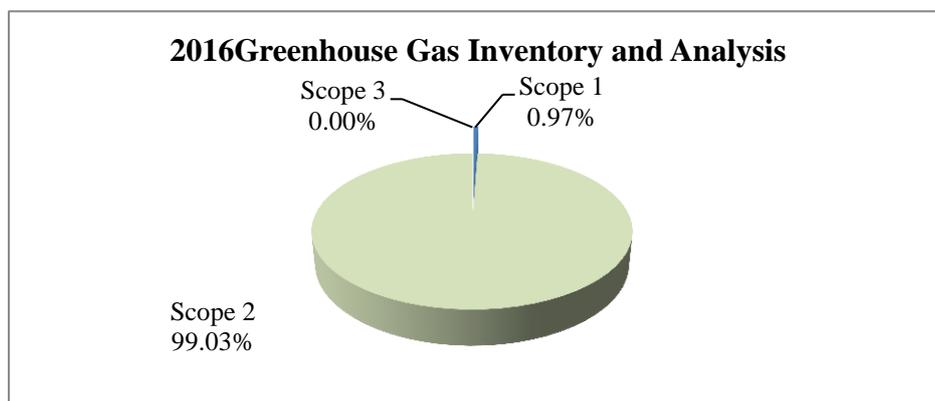
CDA waste thermal recycling



Ice maker and vacuum device phased-out replacement solution

## 2. Greenhouse Gas Inventory

Extreme weather or changes in climate incidents is the most concerned issue for most enterprises interms of climate change. One of the most important environmental protection issues is the struggle against climate change and global warming for most enterprises today. KYEC has been building the greenhouse gas inventory system since 2006 to conduct annual inventory and energy-saving measures in the achievement of objectives in greenhouse gas reduction. To effectively manage the source of greenhouse gas emission and based on the suggestions from the ISO 14064 and GHG Protocol Initiative, the configuration of operational boundaries including the identification and operation related greenhouse gas emission will be classified by direct emission and indirect emission while the type and source of occurrence for greenhouse gas that could possibly occur in the operational range will be identified and undergo the certification of external testing institute (SGS).



### (1) Greenhouse Gas Inventory and Analysis

The 2017 inventory and calculation show that the greenhouse gas emission in Scope 1 is 2,201.889 tons of CO<sub>2</sub>e, accounting for 0.97%; which main source comes from R-134a coolant from the water cooling machine. The greenhouse gas emission in Scope 2 is 223,903.021 tons of CO<sub>2</sub>e, accounting for 99.03%; which main source comes from purchased power. In terms of ratio, the greenhouse gas emission of the company mainly comes from purchased power. The 2017 inventory results are shown below: Note

Factory	Scope 1	Scope 2	Scope 3	Total
Hsinchu Factory	175.8666	14,758.042	0.0000	14,933.909
Chu Nan Factory	2,022.1741	174,811.6306	0.0000	176,833.805
Tungluo Factory	3.8483	34,333.3484	0.0000	34,337.197
Total Emission (ton CO <sub>2</sub> e/ year)	2,201.889	223,903.021	0.0000	226,104.91
Percentage (%)	0.97%	99.03%	0.00%	100.00%

Note:

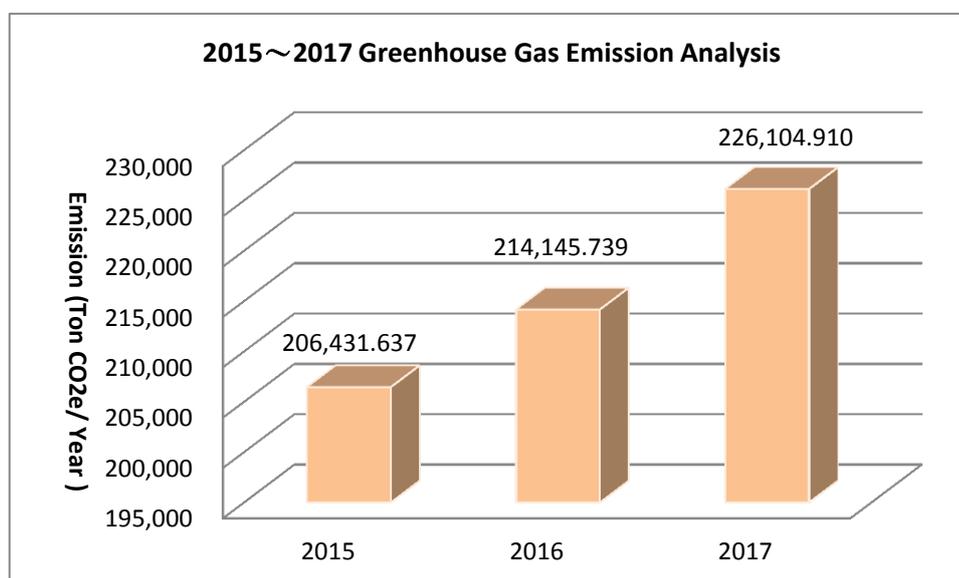
Scope 1: Mainly consists of fixed resource emission, mobility resource emission and dissipation emission.

Scope 2: Indirect greenhouse gas emission mainly consisting of purchased power

Scope 3: Employee commute, contractors, customer vehicle, and general waste treatment.

## 2017 Greenhouse Gases Emission

Factory	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFC	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Total
Hsinchu Factory	14762.1848	0.0589	0.0649	171.6	0	0	0	14933.909
Chu Nan Factory	175,359.8455	1.8652	8.918	1463.176	0	0	0	176833.805
Tungluo Factory	34,336.9916	0.148	0.0571	0	0	0	0	34,337.197
Total Emission (Ton CO <sub>2</sub> e/Year)	224459.0219	2.0721	9.04	1,634.776	0	0	0	226,104.91
Percentage (%)	99.3%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%	100.0%



## (2) Energy-Saving and Carbon Reduction Measures :

In response to global climate change, KYEC starts to purchase green power. In 2015, KYEC purchased a total of 2.7 million KWH green powers . Green power refers to the process of producing power which carbon dioxide emission was zero or near zero, resulting in relatively lower impact on the environment. The main source of the purchased green power comes from solar energy and wind power generation on land, which is expected to reduce 910,000 KG of carbon emission.

KYEC takes real actions in energy saving and carbon reduction, receiving award from the Ministry of Economic Affairs and Miaoli County as the excellent enterprises in green power purchase. KYEC expects to set an example and lead the organization and the public to take actions in green power purchase and thereby making contribution to environmental protection.

The factories continue to promote and implement various actions in autonomous management for energy saving and carbon reduction so that such concept will become part of employees' life.

### Actions of Autonomous Management for Energy Saving and Carbon Reduction

- Set up recycling zone, announce classification method and establish control mechanism.
- Post slogan signs for energy saving and carbon reduction to develop the energy-saving habits in employees/customers.
- Set up power save mode for photocopy machine or computer equipment to reduce energy consumption.
- Purchase or use products with green marks.
- Promote walking, bicycling, riding electric scooter, or carpool in employees.
- Offer parking area for electric scooter and bicycles to enhance employee intention in green transport.
- Routinely share and promote local agricultural products.
- Prohibit the use of disposable tableware in employee cafeteria and use eco-friendly tableware.
- Promote vegetable and fruit meals in employee cafeteria by promoting special sales of agricultural products in
- Use independent lighting switch device in the office and apply responsibility-division management system
- Use conference mode for education and training in all factories.
- Continue to promote e-system and reduce the use of paper and printing.
- Establishing environmental protection propaganda area for conducting education and propaganda on energy saving and carbon reduction.

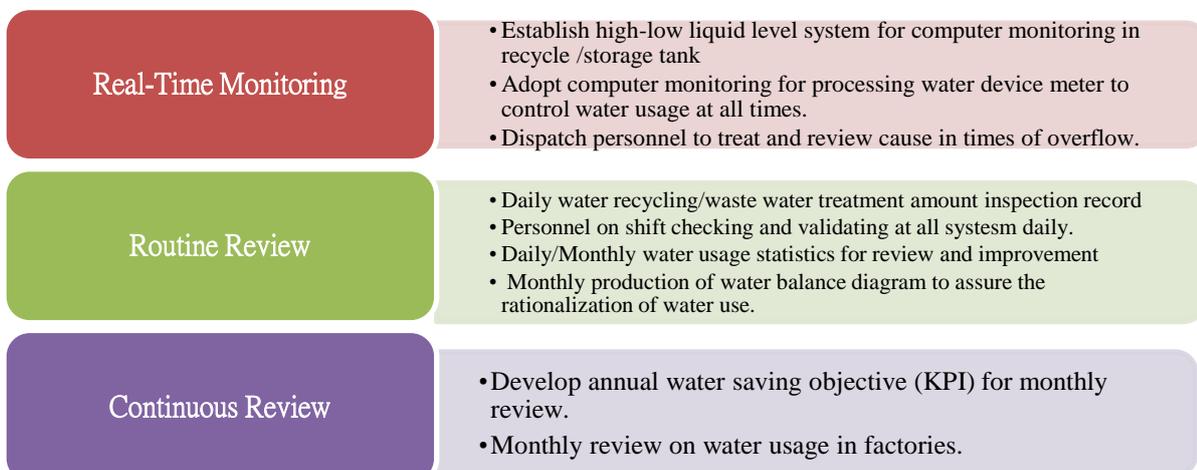
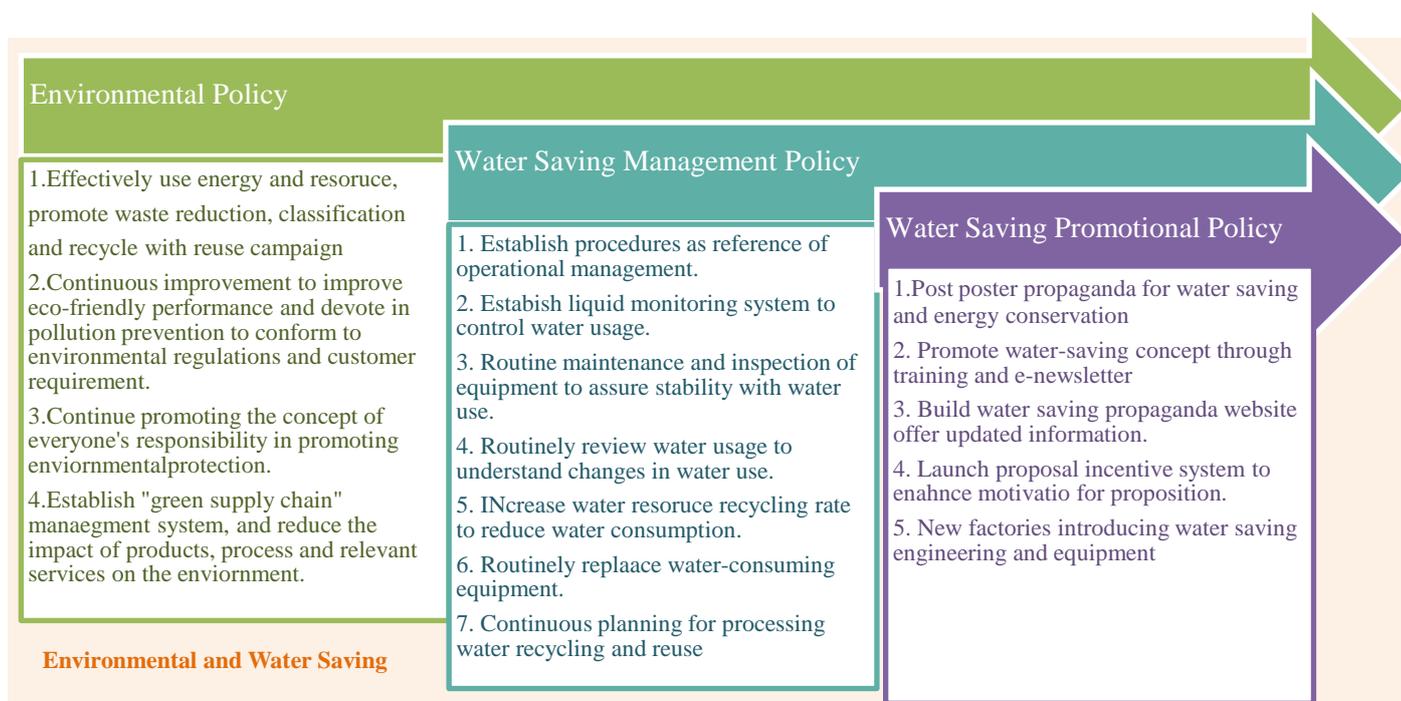


### 3. Use of Water Resource and Impact on Water

#### (1) Water Saving Policy and Management

The principle of water use conforms to the standard of water-saving processing design and maximizes the use of every drop of water through waste water recycling and reuse, thereby reducing the use of tap water. All departments shall establish water saving promotional organization to develop implementation guidelines and routinely review and inspect changes in water use. The departments shall also validate the effectiveness of factory facilities to replace water-consuming equipment and avoid waste.

The departments also implement proposal for improvement incentive system to encourage employees with the proposal of energy and water saving solutions in addition to taking active participation in governmental water saving plan and seminars. The departments shall continue to exchange water saving experience, using new equipment and technology to enhance the ratio of water resource recycling and reuse in the factories



## (2) Water Resource Management Indicator

KYEC continues to launch different water-saving recycling project each year with over 70% of waste water recycling rate. In 2017, KYEC's intake water in 2017 was 1,200,136 tons, which only accounted for 0.82% of total water consumption while other sources of water use come from the processing waste water recycled and reused or supply from water treatment system in circulation. KYEC has accomplished the environmental objectives through the effective use energy resources.

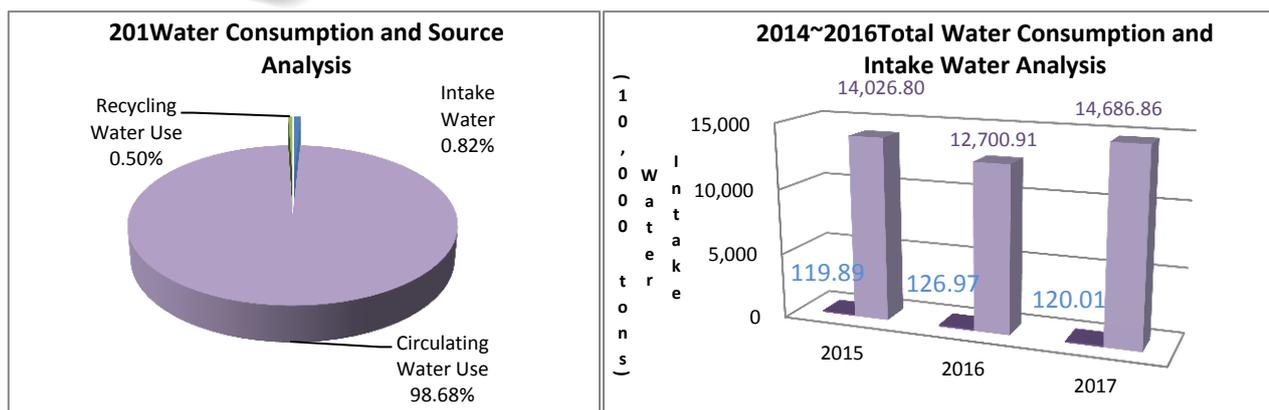
The 2017 Water Consumption Recycling and Reuse Rate is analyzed below: Note

2017 Water Resource Recycling and Use Statistics						
單位：噸						
Item	Intake Water	Circulating Water Use	Recycling Water Use	Total Water Consumption	Reuse Rate	Recycling Rate (excluding the circulation amount from cooling water tower)
Cooling	544,992	141,359,250	197,308	142,101,550		
Furnace	0	0	0	0		
Processing	570,893	3,573,600	528,293	4,672,786	<b>99.18%</b>	<b>78.22%</b>
Livelihood	84,251	0	10,000	94,251		
Total	1,200,136	144,932,850	735,601	146,868,587		

Note :

1. Reuse Rate = (Circulating Water Use + Recycling Water Use) ÷ Total Water Consumption
2. Recycling Rate = (Circulating Water Use + Recycling Water Use – Tower Cooling Water in Circulation) ÷ (Total Water Consumption – Tower Cooling Water in Circulation)
3. Circulating Water Use: Referring to the reuse water without treatment by the same water use unit
4. Recycling and Reuse Water: Referring to the water reuse produced from waste water treatment

2015~2017 Water Consumption and Water Source Analysis				
Unit: 10,000 tons				
Year	2015	2016	2017	
Recycling and Water Use	Recycling Water Use	73.67	84.34	73.56
	Circulating Water Use	13,833.24	12,489.60	14,493.29
Intake Water	124.62	119.89	120.01	
Total Water Consumption	14,026.80	12,700.91	14,686.86	
Intake Water to Total Water Consumption Ratio	0.85%	1.00%	0.82%	



(3) Water Saving Plan and Benefits

The launch of different water saving solutions including the continuous implementation of waste water recycling and reuse from the processing and water system in addition to building rainwater recycling system will save 1,335,850 tons of water a year, reduce 1,691.78 tons of sludge in output, and reduce 259.12 tons of carbon emission, reaching a total economic benefits of saving NTD 56,785,000 /year.

No.	Implementation Solution	Environmental Benefits			Economic Benefit's
		Water amount saved	Amount of sludge saved	Carbon reduction	Amount saved
		(10K tons/year)	(tons/year)	(tones/year)	(NT10,000/year)
1	The waste water from cutting and grinding wafer in the process is recycled to pure water system for supply to site processing.	64	883.1	124.16	3336.9
2	The vacuum cooling water during the grinding process is changed from the discharged to recycled and reuse water.	11	151.8	21.34	571.5
3	The rinsing water for sludge dehydrator in waste water field is changed from tap water to discharged water.	14.6	0	28.32	186.1
4	The ROR recycled water produced from the ultra-pure water system RO tube is supplied to cooling tower use.	14.6	201.48	28.32	469.3
5	Soft water system cleaning water in reserve for recycles to the sediment pool, then supply for soft water system use.	1.46	201.48	2.83	93.7
6	Pure water system in mixed bed trial water recycled to soft water pool for RO water use.	1.3	17.94	2.52	41.5
7	Re-distribute the pipe for toilette flushing and bathroom from faucet water to ROR recycled water.	1.8	0	3.49	23.2
8	Adopting sensor faucet and adjust the amount of water flow	3.9	0	7.56	50.7
9	Replace traditional sludge dehydrator with plate frame based filter	1.46	0	2.83	31.2
10	The recycling tube for cutting and grinding water water replaced with DOWEX tube	15.257	235.98	29.59	820.8

11	Plant 4 rain water recycling system established	1.44	0	2.79	18.4
12	Full bottled water placed in toilette water tank or adjusting the water level on water tank to reduce the amount of water for flushing.	0.215	0	0.42	2.7
13	Recycling condensed water from the external air-conditioning box	0.912	0	1.77	11.6
14	Plant 2 and Plant 4 Rain water storage tank added with piping	0.582	0	1.13	7.4
15	Chunan Factory Rain water recycling system integration	1.059	0	2.05	13.5
Total		133.585	1691.78	259.12	5678.5



#### 4. Pollution Prevention

##### (1) Waste Water Discharge and Management

The factories are installed with processing waste water recycling and treatment equipment with specialist in charge of operation and management in addition to developing operation maintenance and repair operation procedures. Each year the budget is prepared to maintain and replace waste water prevention and treatment equipment in order to effectively improve the processing waste water recycling and reuse rate. The waste water discharge per unit product gradually drops from the 0.971 tons in 2014 to the 0.428 tons in 2017, which maximizes the benefits of prevention and treatment equipment. KYEC complies with domestic and international environmental protection laws and regulations, acquires water pollution

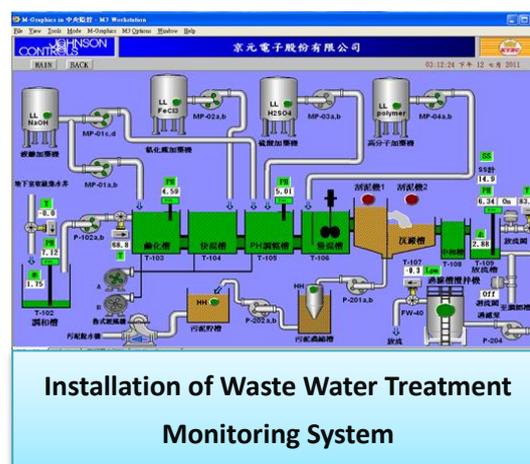


prevention license, and routinely conduct waste water inspection and declaration. For the daily site audit on waste water treatment and waste water discharge outside of factory, KYEC will immediately conduct inverse flow treatment in times of abnormal effluent. Each year the inspection unit recognized by the Environmental Protection Administration will conduct waste water and sludge inspection analysis. The waste water will undergo effluent treatment and then discharged to licensed agricultural and irrigation gutter. KYEC also analyzes the inspection discharge data quarterly to verify if such data conform to the effluent and Department of Irrigation and Engineering standards, in order to reduce the impact of waste water discharge on the environment.

2015~2017 Waste Water Discharge Analysis			
Year	2015	2016	2017
Waste Water Discharge (tons)	394,758	392,967	296,375
Cutting and Polishing Quantity (Pieces)	723,000	740,000	693,000
Waste Water Production Per Unit Product (tons)	0.546	0.531	0.428



Waste water automatic connection monitoring system



Installation of Waste Water Treatment Monitoring System

## (2) Rainwater Management

Rainwater is often neglected in the management of water source and so KYEC designs rainwater collection systems in all factories to store rain water during rainy season and effectively use rainwater collected for irrigation and bathroom water flush through the piping connection between factories. In spite of the absence of enormous economic benefits from raining water recycling, the saving in water costs is only added value while the good use of water source is the direct achievement of environmental sustainability. Apart from effective use of rainwater source, KYEC also establishes the “Rainwater Gutter Management Operation Instructions” to routinely patrol and monitor the water quality in rainwater gutter. KYEC also outsources inspection companies to draw samples during rainy season to immediately shut down the rainwater gutter gate in case of abnormal water quality. Rainwater is also introduced into the waste water treatment system for treatment, follow-up and correction of cause of abnormal water quality. A water

division pier is also set up in the waste water treatment plant and sludge storage zone to guide the rainwater into the gutter and avoid the overflow of mixed rainwater and waste water into the rainwater gutter in times of storms. The factories routinely clean rainwater gutter to prevent overflow of rainwater sediment in times of rainy season.



↑ Sludge Storage Zone installed with water division pier



↑ Factories installed with rainwater recycling system



↑ Rainwater gutter installed with water gate for recycle and treatment in stimes of abnormal

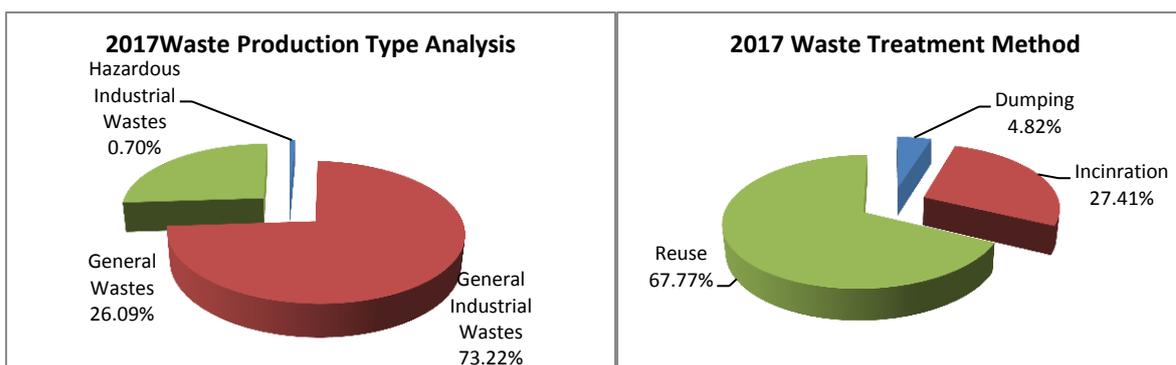
**(3) Waste Management and Reuse**

KYEC specializes in semiconductor testing process without using toxic substance. KYEC does not produce air pollution in testing process but only waste water treatment and wastes. Wastes are outsourced to qualified suppliers without overseas transport.

Each year KYEC targets at corporate environmental policy to set up various waste reductions, routinely audits energy saving objectives, trace and review factory waste reduction and energy saving conditions to establish cleaning and removal treatment supplier audit system, and routinely execute follow-up and audit without warning, in order to assure the legitimacy of outsourced cleaning and removal treatment operations. Contractors will need to complete 2 hours of environmental safety and hygiene education and training before working in the factories in order to strengthen the personnel with environmental protection work administration capacity when working at the factories.

**(1) The 2017 total waste production is shown below:**

Total Types of Wastes Production (tons/year)	Hazardous Industrial Wastes	General Industrial Wastes	General Wastes	Total
	12.66	1,327.45	472.96	1,813.07

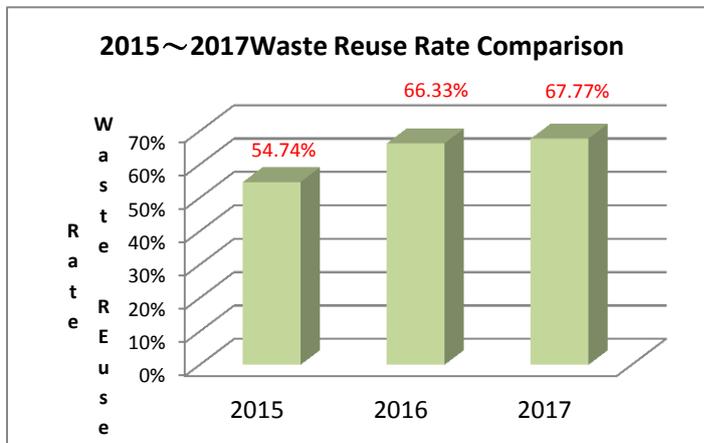
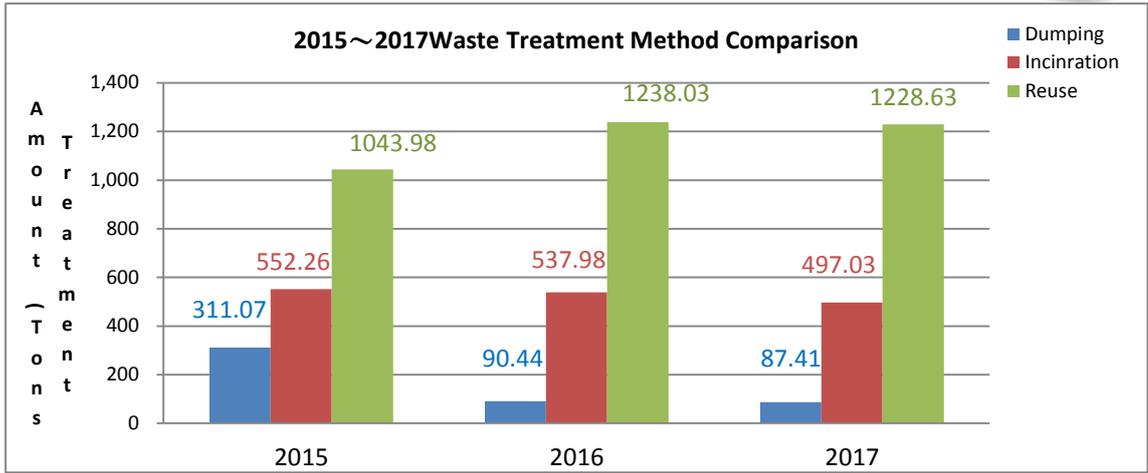


**(2) 2015~2017 Waste Reduction and Recycling Effect :**

Waste treatment is operated mainly through incineration, dumping and reuse. The waste reuse rate climbed from 31.36% in 2014 to 67.77% in 2017. In the future, wastes will continue to be treated by reuse in attempt to meet the objective of waste recycling and reuse.



Waste Supplier Audit



Recycling zone set up compression balers



Recycling poster



Production line installed with package material recycling barrel

Types of Wastes	Items for Recycling	Specific Approach
Hazardous Wastes	Customer Defect (IC, Wafer)	To be handed to recycling supplier for crashing and extraction of expensive metals
General Industrial Wastes	Wooden Pallet	1. Recycle on site for reuse. 2. Damaged units will be recycled and crushed into wood chips for use as fuel additives
	Empty Chemical Barrel	Recycling supplier will clean and reuse.
	Waste paper package	To be made into materials for use as recycle paper
	Waste metal	Recycle, dismantle, classify and reproduce into metal material.
	Waste metal and Aluminum can	Recycle and use as supporting materials for metal and aluminum products
	Waste plastic bottle	To be given to plastic factory for material remaking.
	PS Wrapping tape .PP Conveyor belt .PE Plastic wrap	To be given to plastic factory for material remaking.
	PVC Gloves	To be given to plastic factory for material remaking.
	Foaming package	Waste Styrofoam, foam, sponge...etc. Recycled for packing, furniture and shoe filling.
	IC tray	1. Site staff classifies, recycles and reuses. 2. Damaged pieces will be recycled and made into material
	IC tube	1. Storage staff classifies, recycles and reuses 2. Damaged pieces will be recycled and made into material
	Other items for recycling (batter, glass, waste aluminum)	1. Classify, recycle and reuse.
	Other waste plastic	1. Storage staff classifies, recycles and reuses 2. Damaged pieces will be recycled and made into material
Waste Information Products	Recycled, dismantled, classified and reproduced into supporting material	

## 5. Compliance with Environmental Protection Laws

KYEC conducts regulatory check and identification each month to assure the factory operations in conformity with regulatory requirement. KYEC has not incidents against environmental protection laws and regulations in 2017.

## Occupational Safety and Hygiene

### 1. Safety and Hygiene Policy and Organization Operations

KYEC develops comprehensive safety and hygiene policy which the general manager announces to execute with all employees and supervisors. The content of policy describes KYEC's principle in implementing occupational safety and hygiene improvement campaigns and its objectives in the overall safety and hygiene as well as the commitment in improving the safety and hygiene performance.

KYEC specifies the responsibilities for safety and hygiene for all levels by establishing an occupational safety and hygiene committee and safety and hygiene promotion organization. The safety and hygiene issues are reviewed at the quarterly meeting to implement base-level communication mechanism. The occupational safety and hygiene committee calls for quarterly meeting to review safety and hygiene related matters, where the committee members consisting of the general manager, occupational safety and hygiene personnel and health service staff, departmental supervisors and safety and hygiene related engineers. Currently the committee consists of 90 people while 37 workers accounting for over one third of the committee members. The number of members constituting the 2017 occupational safety and hygiene committee by factory are described below:

Factory	No. of Committee Members	Worker Representative	Worker Representative Ratio
Corporate Headquarters	14	5	35.7%
Chu Nan Factory	55	25	45.5%
Tungluo Factory	21	7	33.3%
Total	90	37	41.1%

### 2. Statistics and Analysis of Occupational Disasters

A total of work related injury cases occurred in factories in 2017, summing up a total days of loss of 151 days, disability injury frequency of 0.47 and disability injury severity rate of 14. The majority of work related injury type in 2017 consisted of injuries from personnel fall and falling objects. There was no death or full disability as well as other severe work related safety accident.

2017 Occupational Disaster Statistics and Analysis (Note )					
Factories	No. of Cases	Days of Loss	Total Labor Hours Experienced	Disability Injury Frequency (A)	Disability Injury Severity Rate (B)
Corporate Headquarters	0	0	507,464	0.00	0.00
Chu Nan Factory	4	129	8,807,312	0.45	0.08
Tungluo Factory	1	22	1,359,000	0.74	0.11
Total	5	151	10,673,776	0.47	0.08

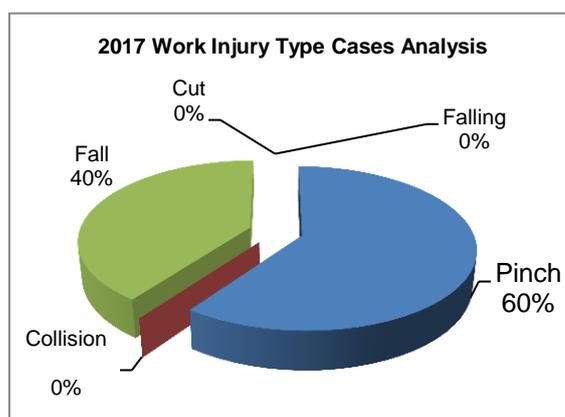
2017 Occupational Disaster Type Analysis						
Injury Type	Fall	Pinch	Collision	Cut	Falling Objects	Total
Cases	2	0	3	0	0	5

Note :

Disability Injury Frequency (FR)= No. of Disability Injury / Total Working Hours Experienced \*1,000,000

Disability Injury Severity Ratio (SR)= Total Loss of Working Days / Total Working Hours Experienced \*1,000,000

KYEC continued to promote the “No Accident Accumulative Working Hours Incentive Campaign” since 2012 and compiles the statistics of no accident working hours in all departments monthly in addition to making announcement and incentives. In 2017, 5 cases of occupational disaster occurred, resulting in a disability injury frequency of 0.47 and disability injury severity 14 that are both significantly lower than those in 2015 and 2016.



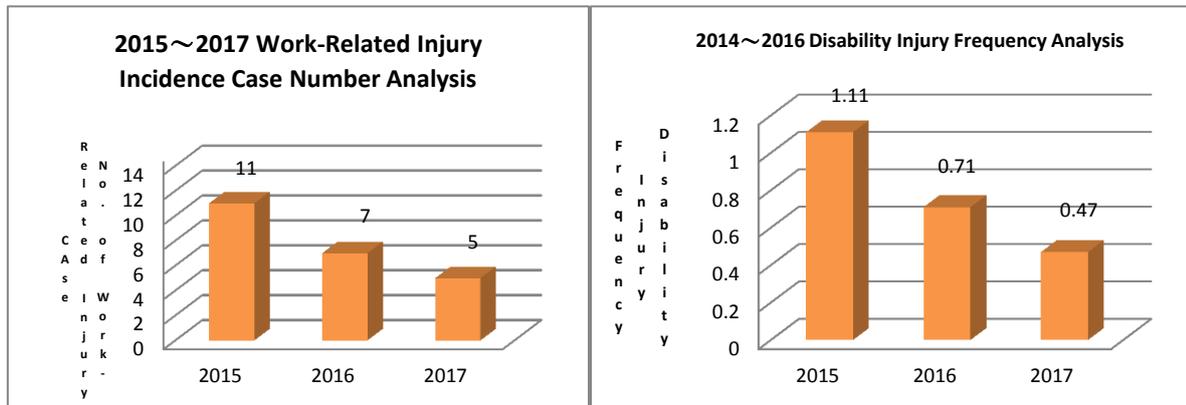
In view of the majority of work injury occurring to personnel at site, the work safety and environmental protection department incorporates the cases of work injury to the training materials as require the course as necessary course for production and equipment personnel. For departments with relatively higher incidence rate of work related injury, KYEC advocates through departmental supervisor meeting to enhance the safety awareness for personnel from the department supervisors. To reduce the incidence rate of work related injuries by human error, personnel violating regulations and leading to work related injuries will be taken into consideration for the distribution of performance bonuses.

After the incidence, KYEC will immediately require the responsible department to conduct incident survey and root-cause analysis in addition to proposing improvement actions, where the improvement report is advocated via the monthly e-newsletter and environmental safety and hygiene hallway. The factories shall undergo annual disaster statistics and analysis to propose improvement strategies for injury types with relatively higher ratio.

Traffic accident is also a common occupational disaster among factory staff. Hence KYEC advocates and reminders of the road sections susceptible to accidents to the training materials for new employees and the switch screen. In 2016, the traffic accidents consisted of all employees riding scooter and the quarterly

scooter safe driving course was held in 2017 while posting traffic safety signs on the scooter parking lot to reinforce the concept of traffic safety driving in employees. In the event of repair project on the surrounding roads, employees will be announced via e-mail.

Year	2015	2016	2017
No. of Cases	11	7	5
Frequency of Disability Injury	1.11	0.71	0.47
Severity of Disability Injury	17	18.79	14
Year	0.137	0.116	0.08



#### 廠內公傷宣導事項

**安全重點宣導事項**

- 嚴禁於生產或工程模式，使連續裝置失效。
- 機台未停止前，不得進行內部調整與維修。
- 未依標準程序作業致發生公傷時，將致人員與設備損壞(O&D)，追究失職人員責任。
- 緊急狀況發生時，請按緊急停止按鈕。
- 請依個人防護具使用指導書(VHE7006)之規定，依作業性質配戴個人防護具。

工安及風險管理處 第1頁

#### 本期環安衛電子報內容

發行版次：2018-04

**廠內宣導事項**

- ◆ 文章分享 - 汽機車防範駕駛 ( 雜誌篇 )
- ◆ 廠內設備危害標示宣導
- ◆ 2018年4月各單位環安衛巡檢缺失
- ◆ 2018年度公傷統計
- ◆ KLT公傷案例宣導

**近期活動宣導**

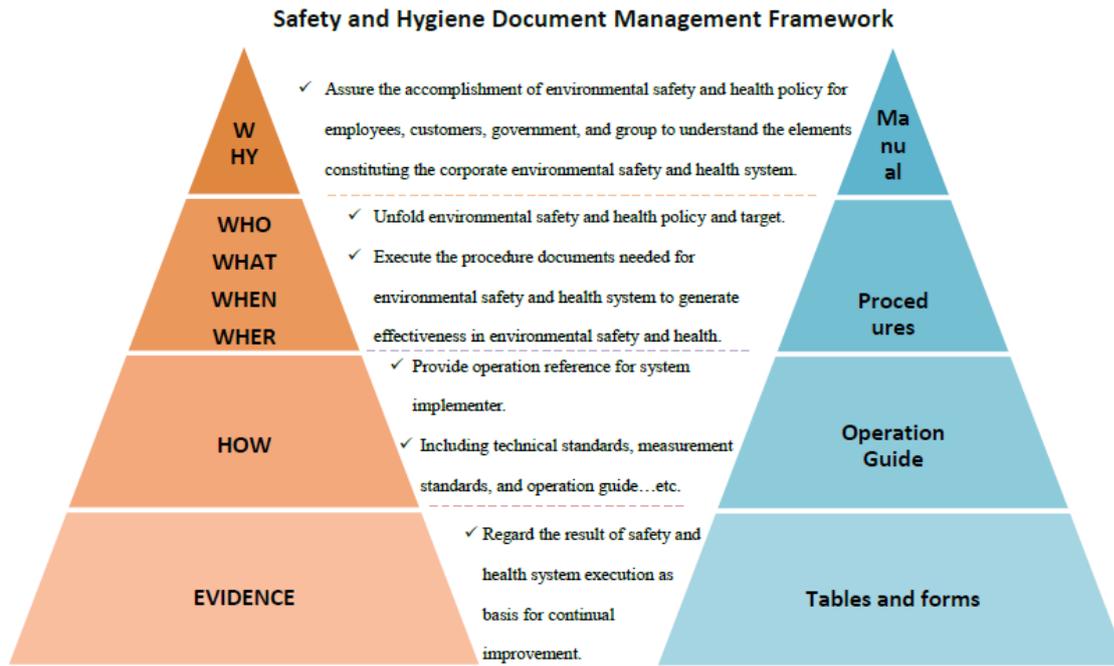
- ◆ 一般勞工安全衛生在職訓練Q2
- ◆ 搶救組人員專業訓練
- ◆ 滅火器操作訓練
- ◆ CH-BU2/BU5輪班火災搶救/地震疏散演練
- ◆ 承攬商環安衛教育訓練 - 5/23 (TL).5/24 (CH)

Propaganda for turning computer on safely

Publishing ESH electronic newspapers

### 3. Develop Safety and Hygiene Code of Practice and Management

Based on the framework of OHSAS18001 Occupational Safety and Hygiene Management System and applying the autonomous management philosophy of PDCA continuous improvement, KYEC develops various safety and hygiene management procedures and work practice as reference for operations, which not only lowers occupational disaster incidence rate but minimize the damage and impact on property, personnel and the environment.



#### 4. Chemical Safety and Hygiene Management

KYEC follows the framework and regulations of occupational safety and hygiene management system for the control on factory chemical substances, in addition to formulating the chemical management operation procedures, chemical warehousing management procedures, chemical tank loading/unloading operation procedures, as well as specifying the chemical purchase, storage, use, and labeling requirement. Each year KYEC organizes “Hazard General Education Training” to conduct routine training for users who will strengthen the cognitive capacity and prevent accidents.

The factory offers a chemical substance warehouse with leakage treatment vehicle, anti-overflow pallet, and firefighting facilities to reduce the risks of personnel acquiring materials. The chemical storage zone is installed with emergency response equipment while the chemical storage zone of waste water plant is installed with anti-overflow and emergency rinsing equipment to provide the use for leakage rescue. Areas concerned for hypoxia shall be installed with oxygen detection system with connection to central monitoring to avoid suffocation and hazards in operators.

The production line only stores few chemicals while each floor is installed with chemical anti-explosion cabin for collective management. In addition, the chemical anti-explosion storage cabin is routinely measured for volatile gas concentration to reduce exposing the operators to hazards. The chemical storage zones offer safety data sheet with formulation of hazardous substance list that is updated quarterly to maintain data accuracy. Additionally, the “chemical database” is established online for convenient query by employees.

The "chemical database" is established online for convenient

識別碼	化學物品名稱	標示內容	危害分類	使用貯存單位
KYEC-01	次氯酸鈉(NaOCl)		急性毒性物質第3級(吸入)、金屬腐蝕物質1級、腐蝕/刺激皮膚物質第1級、嚴重損傷/刺激眼睛物質第1級、水環境之危害物質(急性)第2級	廠務處
KYEC-02	鹽酸		金屬腐蝕物質第一級、腐蝕/刺激皮膚第一級、嚴重損傷/刺激眼睛第一級、環境危害物質	廠務處
KYEC-03	硫酸		金屬腐蝕物質第一級、腐蝕/刺激皮膚第一級、嚴重損傷/刺激眼睛第一級、環境危害物質	廠務處
KYEC-04	氫氧化鈉溶液		金屬腐蝕物質第一級、腐蝕/刺激皮膚第一級、嚴重損傷/刺激眼睛第一級、環境危害物質	廠務處、BU1、BU2、BU6
KYEC-05	氯化氫		腐蝕/刺激皮膚第1A級	取消使用
KYEC-06	高分子凝結劑*	無	不歸類為危險物或有毒物質	取消使用
KYEC-07	高分子凝結劑*		急性毒性物質第4級(吞食)、急性毒性物質第5級(皮膚)、腐蝕/刺激皮膚物質第3級、嚴重損傷/刺激眼睛第2級、皮膚過敏物質第1級	廠務處
KYEC-08	高級柴油		易燃液體第三級、吸入性危害物質第一級、致敏物質第二級、特定標的器官系統毒性物質—骨髓第三級	廠務處
			急性毒性物質第4級(吞食)、急性毒性物質第4級(皮膚)、腐蝕/刺激皮膚物質第3級	廠務處



Set up secondary protection container for the storage of chemical substance



Chemicals leakage drills

## 5. Safety and Hygiene Risk Evaluation and Change Management

KYEC conducts regular hazard identification and risk assessment on the various operation activities of corporate organization. The "risk management list" is established for hazard identification and risk assessment result and undergoes improvement according to the objectives of risk level. The risk level can also be applied to environmental safety and hygiene objectives, target and management solutions in addition to follow up routinely at the Occupational Safety and Hygiene Committee. Prior to introducing change of plan for the processing, raw material, machinery equipment, plant, and firefighting facilities, KYEC shall conduct risk assessment control on the operation, techniques, engineering, design, and environment in order to discover the potential risks. The department of change must first conduct identification and risk assessment. In case of high risk items, the department shall submit hazard control measures and improvement plan to assure the proper control of possible risks derived before, during and after the change. Additionally, the query opinions involving personnel will need to be taken into consideration and trainings will be provided to operators. The department shall monitor the risk after change for decision over continuous control.

## 6. Emergency Response and Disaster Relief

All factories shall set up emergency response treatment centers with personnel on shift. In case of receiving anomaly report, the staff may report and broadcast immediately according to the accident condition. All departments can also establish emergency response teams and shall routinely update the list to conduct work task training, strengthen personnel capacity to respond to emergency situations and help personnel familiarize with the application of safety protection equipment, thereby assuring the validity of emergency response treatment procedures.

The theme for drills will be scheduled each year to schedule all departments for emergency response drill plans. All shifts shall implement drills by plan. The emergency response plan shall be discussed at the pre-drill meeting for applicability while implementing audit and evaluation during the drill. The department shall also review the matters for improvement after the drills by proposing relevant suggestions. The departments actively participate in “Toufen-Chu Nan Industrial Par, Regional Joint Prevention Organization” to exchange ideas for environmental safety and hygiene management with each other, thereby mutually supporting each other. In response to the tour bus burning incident occurred in July, 2016, KYEC will include company shuttle bus safety drills into the annual drill plan in 2017 to strengthen the inspection of safety for company shuttle bus and the educational training for passengers.

In 2017, a total of 36 emergency response drills were held with the statistics of drill type sessions below:

Factories	Fire/earthquake/Earthquake disaster	Chemical leakage	Total factory evacuation	Shuttle bus safety	Total
Hsinchu Factory	4	0	1	1	6
Chu Nan Factory	20	1	1	1	23
Tungluo Factory	4	1	1	1	7
Total	28	2	3	3	36



→ Earthquake disaster

→ Fire Rescue Drills



Company shuttle bus safety drills ←

Total factory evacuation ←

## 7. Contractor Safety and Hygiene Management

The contractors play considerably important role in the environmental safety and hygiene management. A high ratio of contractor operations belongs to risk-based operations. Improper operations could result in personnel injury or death while more likely interrupts corporate operations. Hence, the factory develops Contractor Management and Purchase Management Guidelines for the management of contractor operations, signing the “Contractor or Subcontractor Construction Safety and Hygiene Environmental Protection Commitment” before contracting. The contractors shall committee to the compliance with factory environmental safety and hygiene regulation and various construction code of practice during the construction period in order to attain the objectives in “zero accident and zero disaster.”

The access card will be issued to the contractors after they have implemented the contractor pre-operation environmental safety and hygiene education and training with satisfying test results. The e-application for construction and contractor card system are used to implement factory access card system in order to effectively control the number of construction workers admitted to the factory daily and the nature of



Pre-Admission Environmental Safety and Hygiene Education and Training for Contractors

operations. For high-risk based operation formulation license system, the departments may be required to dispatch monitoring employees during the operation hours in addition to implementing construction region patrol and audit, thereby call for contractor reconciliation meeting regularly to review and advocate for safety and health management items. KYEC shall continue to promote safe hygiene family to fulfill the responsible care system from the business division to the downstream contractor personnel. Routine meeting allows contractors to exchange with each other.

## 8. Fire Safety Equipment and Signs

All zones are installed with various fire detectors, fireproof division, and automatic fire alarm equipment, and 100-pound fire extinguisher. Pipes penetrating wall or floors are also installed with fireproof filling to reduce personnel and property loss rate in times of fire. The CO2 radiation system and central fire monitoring system are installed to prevent fire accidents.

The factory staff implements inspection and trial operation on the fire equipment monthly. In every 6 months, qualified firefighting equipment (master) shall inspect and declare the inspection results each year. The construction operation control shall be applied to operations susceptible to trigger errors in facilities while the electric equipment undergoes annual infrared thermal development scanning to discover abnormal equipment early and prevent electronic device induced fire.

Apart from labeling the fire extinguisher (fire box) and escape instruction sign according to the regulations, additional 3D sign is added to expand the angle of horizon and could enhance personnel identification easier. The escape door for each floor is installed with smoke escape bag and escape guidance equipment as emergency evacuation use. To help the personnel familiarize with the use of emergency response equipment and firefighting equipment as well as strengthening the emergency relief capacity of the personnel, the factory staff shall complete the fire extinguisher hands-on training for all staff.



Fire Extinguisher Operation Drills



Rescue team SCBA dress training



Cooperating with fire extinguisher for fire inspection



Conducting regular firefighting equipment function tests

## 9. Machinery Equipment Safety Management

The machinery equipment must undergo hazard identification and risk level assessment before introduction, implement change management process and reduce disaster incidence rate. The machinery equipment safety installation and standards of hazard warning labels shall be included in the purchase for order and acceptance standards. Equipment relocation, installation, operation, maintenance, and repair safety operation standards shall be established routinely by including various safety protection functions into the inspection items for daily maintenance or repair.



↑ Equipment shift machine education and training

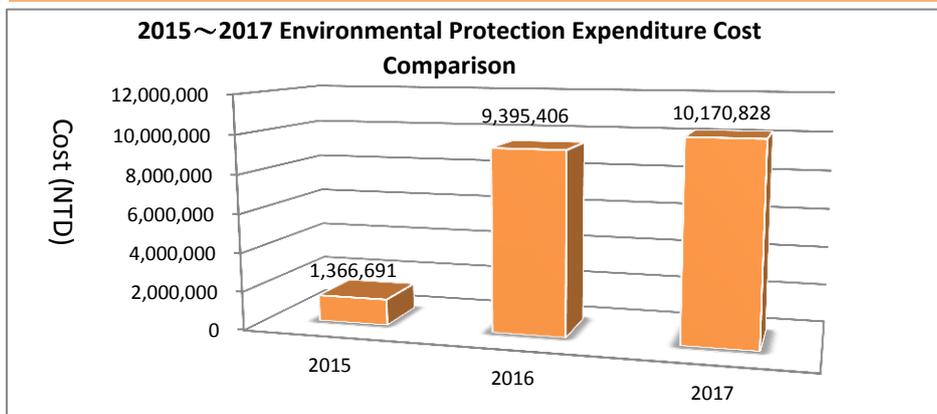


↑ Establishment of equipment hazard online

## 10. Overall Environmental Expenditure

This environmental protection expenditure only cover the 2017 expenditure from Facility and Environment Safety Division, which does not include carbon footprint and costs of prohibited substance management.

Category	Expenditure (NTD)
Operating Cost	32,895,445
Management Cost	245,378,075
Environmental Protection and Equipment Pollution Prevention	10,170,828
Social Activity Cost	0
Loss and Remedy Cost	0
Environmental Protection R&D Cost	0
<b>Total Cost</b>	<b>288,444,348</b>



## Employees' Rights

Talent is the key to achieving competitiveness. "Employment by talents and take local materials." KYEC offers a diversity of employment channels, emphasize on thriving local economies, and upholds to the philosophy of protection and feedback to create more employment opportunities for Hsinchu and Miaoli areas. KYEC also employs local employees as the top priority. Currently the total number of employees is about 5,000 people and particularly employs from Hsinchu and Miaoli County account for more than 70%. Meanwhile, we also firmly believe that outstanding employees are the biggest assets of KYEC and therefore are committed to provide recruitment process in conformity with laws and regulations, comprehensive education and training system, safe and humanistic workplace environment, and competitive salary welfare system and public promotion channel. The above complete "selection, fostering, employment, and retention" related HR management allows employees to maximize their talents in workplace while joining KYEC hand-in-hand to create a win-win future for both sides.



### 1. Standards of Recruitment and Employment

KYEC protects workers' rights through Labor Standard Act and Act of Gender Equality in Employment, where workers will not receive preferential treatment due to discretion in race, social class, nationality, religion, disability, sexual orientation, union qualification, political party, or age. Moreover, KYEC is committed and implements relevant labor policies for EICC workers, health and safety, environmental protection, commercial code of ethics, and management system elements, including (1) the ban on child labor. Apart from the explicit declarations in Personnel Code, KYEC also adds prevention mechanism to recruitment and employment by more actively develop the operation instructions for employment of child labor and young labor in order to exclude misuse and assure subsequent related matters. (2) Freedom to choose employment, which assures voluntary intention from employees and KYEC shall not employ based on cohesion and compulsive criteria. Moreover, employees own the right to terminate labor contract at any time as long as they meet the period of resignation declaration in the provisions under Labor Standard Act. Regarding the change of labor services, in case of employees voluntary resignation, suspension or transfer of KYEC or the affiliated factory, loss or operation tightening, company suspension of work for over one month due to force majeure, and change of operation nature, that makes it necessary to reduce employees without proper work for placement, and incompetent for the work consigned, both workers and employers shall follow the standards below.

- (4) Those having worked for over three months but less than 1 year shall notify in 10 days in advance.  
 (5) Those having worked for more than one year but less three years shall notify in 20 days in advance.  
 (6) Those having worked for three consecutive years shall notify in 30 days in advance.

In response to the expansion of factories in Taiwan, the number of new employees increases annually. In 2017, the number of new employees recruited reached 1010 people and in particular, the ratio between men and women was 456 men to 554 women, as shown in the following table.

### ① Occupation

Distribution of New Employees		2015				2016				2017			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)										
Occupation	Supervisory Administrator	41	5.92%	22	3.18%	14	1.41%	19	1.92%	16	1.58%	19	1.88%
	Engineer	224	32.37%	103	14.88%	292	29.47%	77	7.77%	227	22.48%	85	8.42%
	Technician	211	30.49%	91	13.15%	339	34.21%	250	25.23%	213	21.09%	450	44.55%
Subtotal		476	68.79%	216	31.21%	645	65.09%	346	34.91%	456	45.15%	554	54.85%

### ② Work Location

Distribution of New Employees		2015				2016				2017			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)										
Work Location	Miaoli Factory	443	64.02%	198	28.61%	630	63.57%	337	34.01%	446	44.16%	546	54.06%
	Hsinchu Factory	33	4.77%	18	2.60%	15	1.51%	9	0.91%	10	0.99%	8	0.79%
Subtotal		476	68.79%	216	31.21%	645	65.09%	346	34.91%	456	45.15%	554	54.85%

### ③ Age

Distribution of New Employees		2015				2016				2017			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)										
Age	Under 30 years old	329	47.54%	154	22.25%	421	42.48%	192	19.37%	334	33.07%	392	38.81%
	Between 30 (including) and 50 years old	147	21.24%	62	8.96%	223	22.50%	153	15.44%	121	11.98%	162	16.04%
	50 Years or older	0	0.00%	0	0.00%	1	0.10%	1	0.10%	1	0.10%	0	0.00%
Subtotal		476	68.79%	216	31.21%	645	65.09%	346	34.91%	456	45.15%	554	54.85%

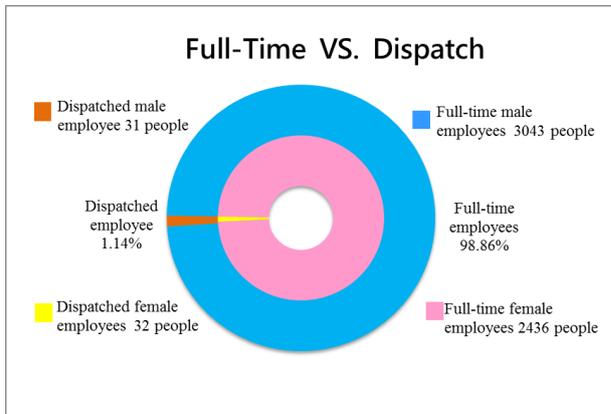
## 2. Employee Distribution

In recent years, the number of employees rises year by year and as of 2017, the number of employees for KYEC reached 5,542 people (including the company and dispatched employees). In terms of nationality ratio, the national ratio is 75.03% and non-Taiwanese ratio is 24.97%. In terms of titles, supervisory administrators account for 20.57%, engineers account for 32.61% and technicians account for 46.82%.

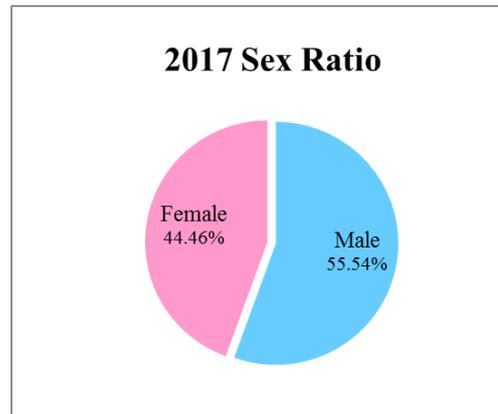
Labor intense is one of the characteristics of package and testing factories. Currently about 70% of current employees come from local Hsinchu and Miaoli counties and cities. Additionally to cope with the demand for night-shift HR and to strive for foreign worker quota for offsetting the shortage in employees of Taiwan national, currently the KYEC employee of Taiwan national accounts for 75.03% of total employees while foreign employees account for 24.97% of total employees.

KYEC Employee Distribution		2015				2016				2017			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)										
Occupational Distribution	Supervisory Administrator	579	11.60%	292	5.85%	594	11.19%	301	5.67%	696	12.56%	444	8.01%
	Engineer	1249	25.03%	465	9.32%	1315	24.76%	462	8.70%	1332	24.03%	475	8.57%
	Technician	936	18.75%	1470	29.45%	1130	21.28%	1508	28.40%	1046	18.87%	1549	27.95%
Work Location	Miaoli Factory	2575	51.59%	2023	40.53%	2918	54.95%	2132	40.15%	2952	53.27%	2330	42.04%
	Hsinchu Factory	189	3.79%	204	4.09%	121	2.28%	139	2.62%	122	2.20%	138	2.49%
Age	Under 30 years old	1011	20.26%	691	13.84%	1169	22.02%	697	13.13%	1247	22.50%	892	16.10%
	Between 30 (including) and 50 years old	1707	34.20%	1474	29.53%	1812	34.12%	1485	27.97%	1764	31.83%	1472	26.56%
	50 Years or older	46	0.92%	62	1.24%	58	1.09%	89	1.68%	63	1.14%	104	1.88%
Employment	Corporate	2736	54.82%	2197	44.02%	3010	56.69%	2241	42.20%	3043	54.91%	2436	43.96%
	Dispatched	28	0.56%	30	0.60%	29	0.55%	30	0.56%	31	0.56%	32	0.58%
Nationality	Taiwan National	2371	47.51%	1677	33.60%	2506	47.19%	1644	30.96%	2514	45.36%	1644	29.66%
	Foreign	393	7.87%	550	11.02%	533	10.04%	627	11.81%	560	10.10%	824	14.87%
Subtotal		2764	55.38%	2227	44.62%	3039	57.23%	2271	42.77%	3074	55.47%	2468	44.53%

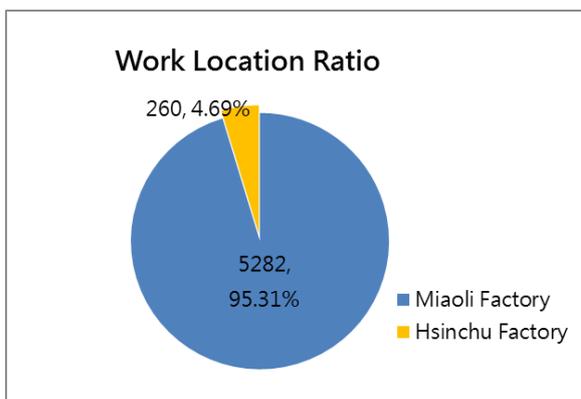
① Full-Time and Dispatch Employee Ratio



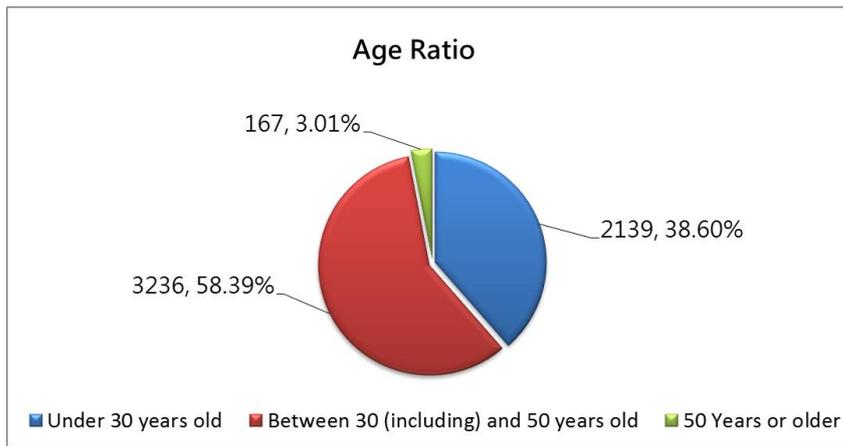
② Sex Distribution



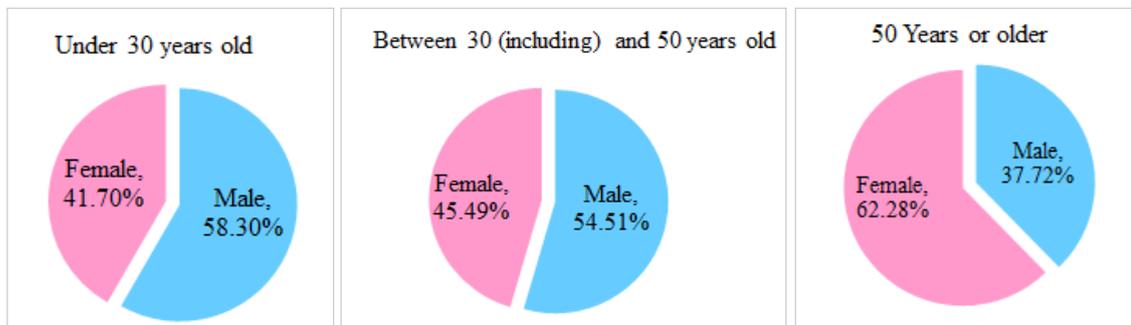
③ Regional Distribution



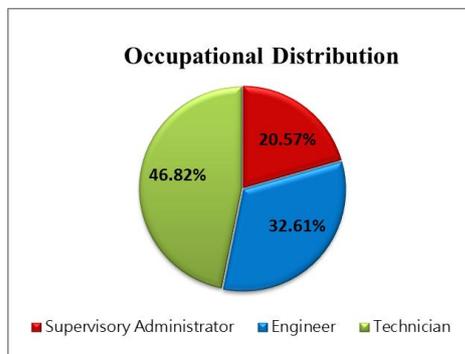
④ Age Distribution



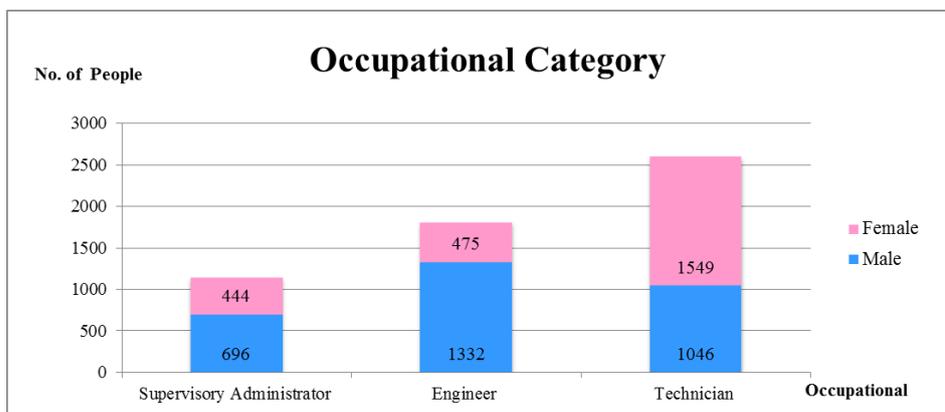
• Sub-distribution by gender



⑤ Occupational Distribution



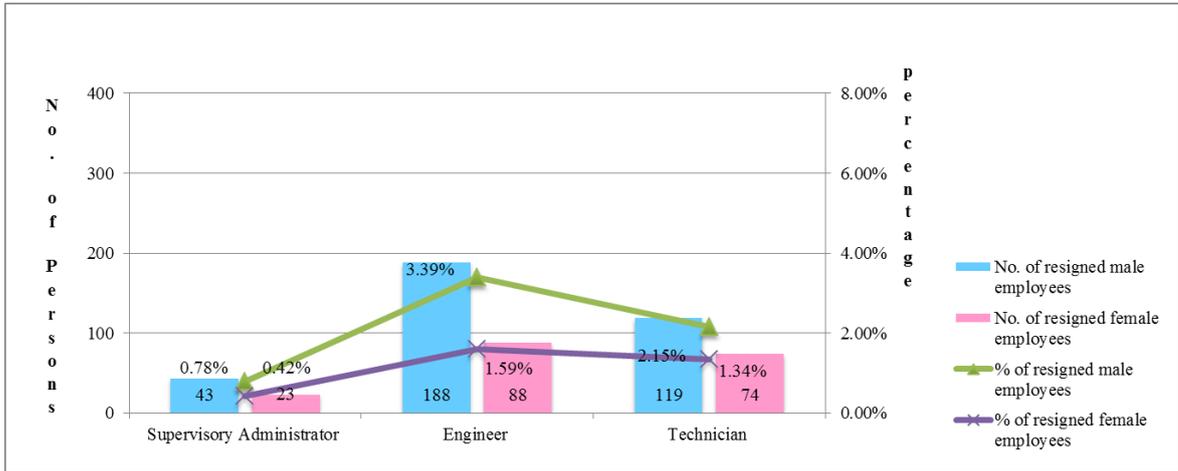
• Sub-distribution by gender



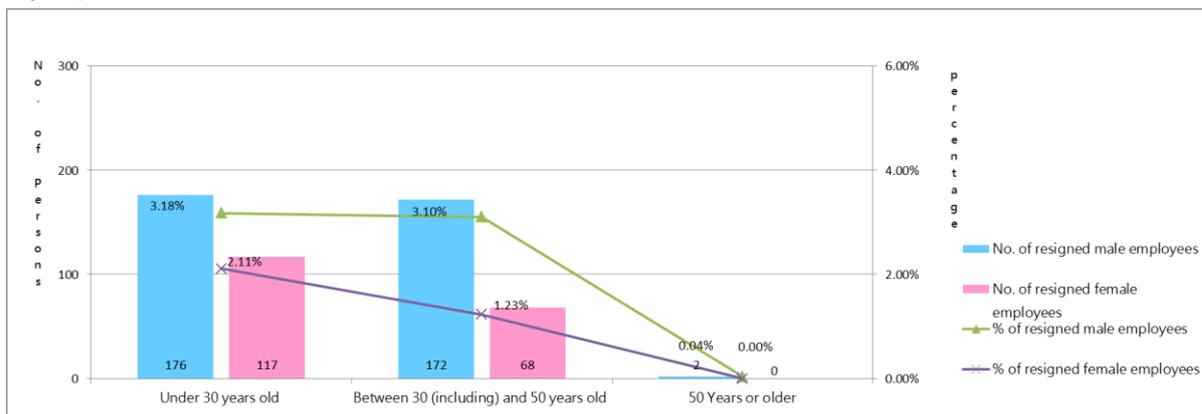
### 3. Employee Resignation

Distribution of Resigned Employees		2015				2016				2017			
		Male		Female		Male		Female		Male		Female	
		No. of Persons	Ratio (%)										
Occupational Distribution	Supervisory Administrator	43	6.86%	15	2.39%	42	8.08%	22	4.23%	43	8.27%	23	4.42%
	Engineer	273	43.54%	73	11.64%	198	38.08%	78	15.00%	188	36.15%	88	16.92%
	Technician	131	20.89%	92	14.67%	102	19.62%	78	15.00%	119	22.88%	74	14.23%
Work Location	Miaoli Factory	403	64.27%	161	25.68%	335	64.42%	169	32.50%	342	65.77%	177	34.04%
	Hsinchu Factory	44	7.02%	19	3.03%	7	1.35%	9	1.73%	8	1.54%	8	1.54%
Age	Under 30 years old	244	38.92%	110	17.54%	164	31.54%	109	20.96%	176	33.85%	117	22.50%
	Between 30 (including) and 50 years old	202	32.22%	70	11.16%	175	33.65%	69	13.27%	172	33.08%	68	13.08%
	50 Years or older	1	0.16%	0	0.00%	3	0.58%	0	0.00%	2	0.38%	0	0.00%
Subtotal		447	71.29%	180	28.71%	342	65.77%	178	34.23%	350	67.31%	185	35.58%

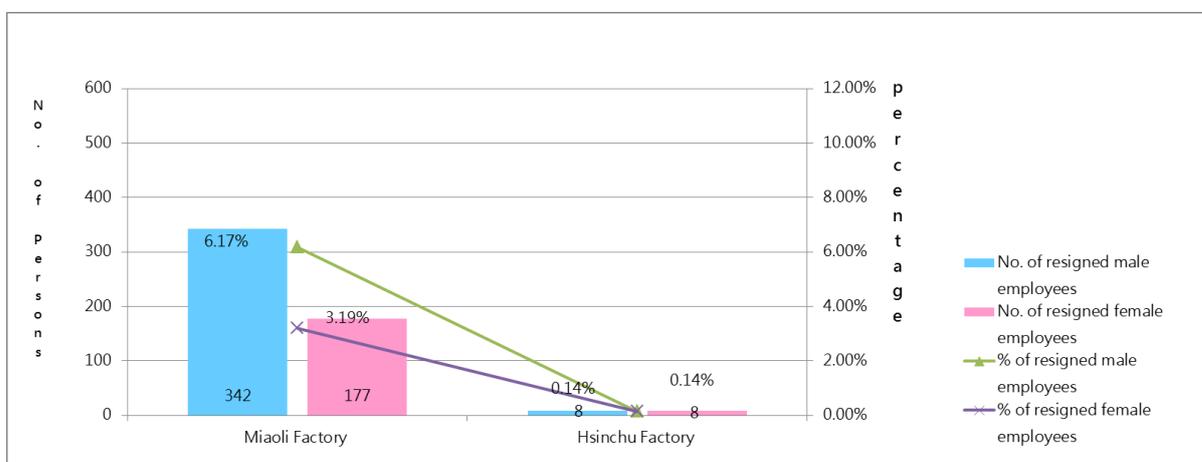
#### ① By Occupation



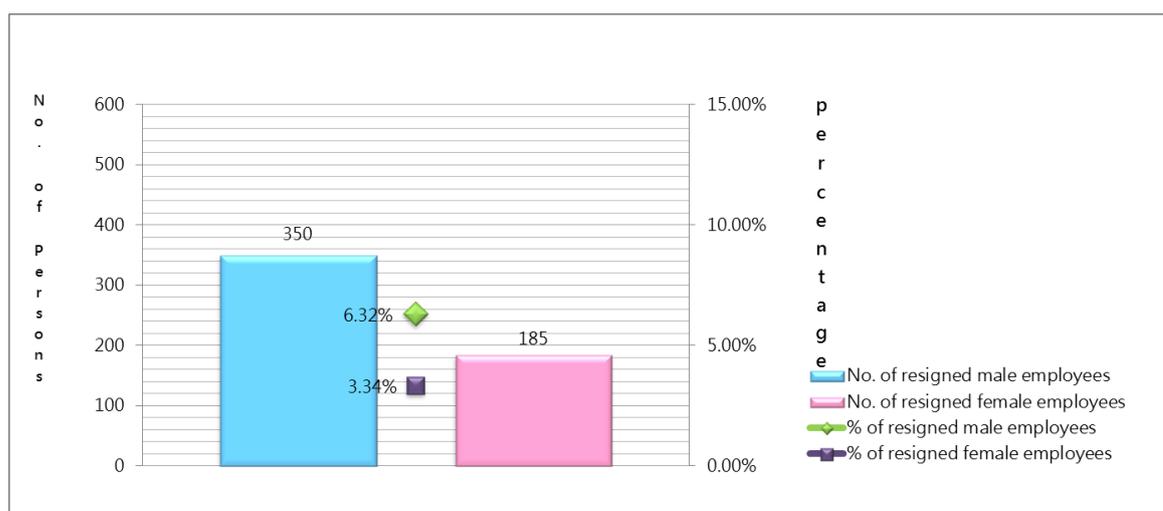
② By Age



③ By Factory



④ By Sex



#### 4. Competitive Salary

The salary standard of KYEC employees is determined by education and professional skills and experience, which will not differ due to sex, race, religion, political stance, marital status, unions and association difference. The standard starting salary exceeds the minimum wage specified by Labor Standard Act. The overall structure includes base salary, meals, allowance, bonus, and dividends. Moreover, the company offers salary raise and differentiated bonus/dividend system according to the corporate operation, personal performance and contribution of work function, in order to encourage the employee's diligence, efforts and even drive employees to pursue continuous excellence. Upholding to the principles of profit sharing and in the event of annual profits, KYEC shall appropriate 8%~10% as employee remuneration with 3%~5% of salary increase by year as gratitude for the efforts from the employees. In the future, KYEC is making the forecast with increasingly climbing operational performance in the future.

Average Salary Comparison:

Category	Average Salary Ratio – Female vs. Male	
	Miaoli Factory	Hsinchu Factory
Supervisory Administrator	1.32	1.65
Engineer	1.04	0.97
Technician	0.88	0.91
1. Data for the fixed salary of current employees as of 2017 / 12/ 31. 2. Comparison based on female 3. Data source excludes foreign.		

#### 5. Complete Retirement Plan

KYEC establishes a labor pension reserve funds supervisory committee by law in order to take care of employees after retirement and promote labor-employer relation and improve work effectivity. The Committee shall supervisor the saving and use of pension funds in addition to appropriating pension reserves in 2% of the monthly salary to save in special account with the Bank of Taiwan. Commencing from July 1, 2005, employees applicable of new system shall appropriate 6% pension fund from the employee's monthly wage and save it in the labor pension personal account established by the Ministry of Labor. The employee participation in retirement plan is 100%.

Additionally, KYEC shall calculate pension reserves for employees meeting the prerequisites of retirement at the end of each year in order to estimate the balance of labor pension reserve account for the aforementioned employees. In case of insufficient balance to pay for the total labor pension funds for employees meeting the retirement criteria in one year, the difference will be appropriated in one sum at the end of March in the following year in order to protect the pension rights of employees.

Pension Fund Plan:

Item	Ratio of Pension Funds Appropriation to Salary	Ratio of Employees Participating in Pension Fund Plan
Old-System Pension Funds(Note)	Employer: 2% Employee: 0%	100%
New-System Pension Funds	Employer: 6% Employee: 0~6%	100%

Note:

Employees entitled to the old system of pension fund seniority shall be entitled to the new system of pension fund seniority after they voluntarily choose to have the new system of pension fund seniority.

## 6. Comprehensive Insurance System

The company insures employees with labor and health insurance on the day of reporting to work according to the law. The company also pays for the full premium for all employees with additional group insurance (including life insurance, injury insurance, medical insurance, accident insurance, cancer insurance, and occupational disaster insurance) in addition to offering free group insurance to spouses, thereby to expand the coverage to all family members. Meanwhile, the company also arranges for weekly insurance companies to station and provide relevant consulting services in the factory, with travel insurance for travel and business trips overseas.

## 7. Complete Leave System and Benefits

KYEC develops leave related guidelines according to Labor Standard Act, Labor Leave Regulations and Act of Gender Equality in Employment, including marriage leave, funeral leave, menstruation leave, maternity leave, paternity leave, and annual leave according and other laws and regulations. Moreover, KYEC offers employees with benefits and measures related to food, clothing, accommodation, and transportation, including employee dividends, free routine health examination, domestic and foreign travel funds, medical office, physician of special division with free medical consultation services, employee dormitory for employees from afar, employee cafeteria and meal allowance, library reading room, free car and scooter parking lot, senior employee and model employee incentives, departmental activity funding...etc. KYEC even offers high amount of bonus for different activities to draw and encourage employees with participation, thereby promoting the balance between work and life. We also routinely review the internal benefits and design proper benefit measures according to employee needs (i.e. signing special contract with kindergarten nearby) so that the spouses of employees can also enjoy the convenience in life. KYEC also responds to the new tax filing method of the government by applying online registration services for the health insurance card for employees and spouses that will facilitate the tax filing process with more ease

Benefits Overview: :



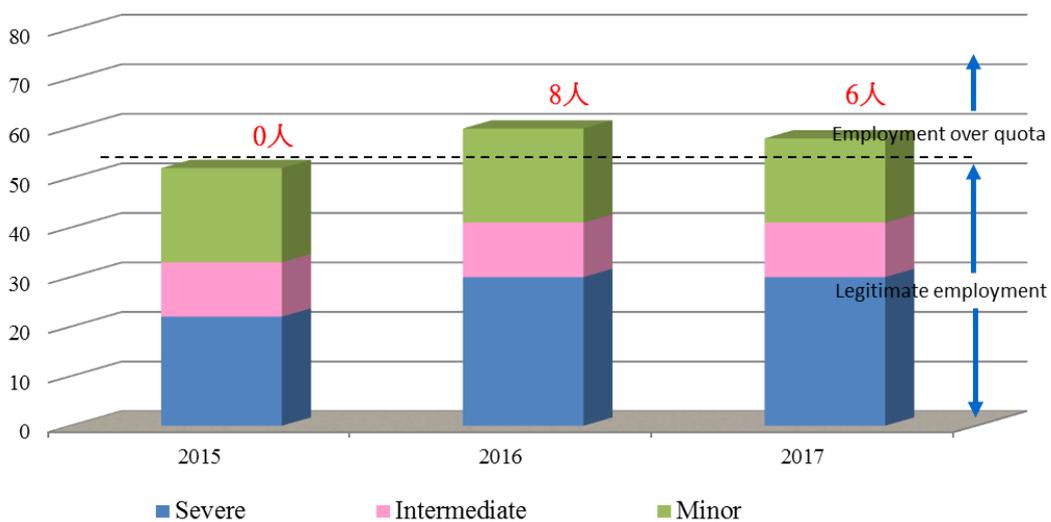
### 8. Legitimate Employment of Persons with Physical and Mental Disability

KYEC strictly complies with “People with Disabilities Rights Protection Act” for the employment of persons with physical and mental disabilities, who are capable of working. The number of employment may not fall under 1% of the total number of employees of the profit-seeking institutions. KYEC fulfills its responsibility in the employment of persons with mental and mental disability and lists the regional employment institution and Miaoli Welfare Association for the Blind as the cooperation channel of recruitment. The factory also sets up access free facilities and served parking lots, as well as providing working hours better than those stated in Labor Standard Act, in order to protect the living quality of employees with disabilities. In recent years, the number of persons with disabilities falls between 50~60 people and each year the number of employment exceeds the statutory quota by 6%~11% (Note 1). According to the rule of employing one such person in every 100 people, the statutory quota under Company Act in 2017 was 55 people while the actual number of employees was 58; in particular persons with minor disability account for 29%, persons with intermediate disability account for 19% and persons with severe disability account for 52% (Note 2).

Statistics of Employment of Persons with Physical

Item	2015		2016		2017	
Total Employees	4991		5310		5542	
Number of Persons with Physical and Mental Disability / Ratio	52	1.04%	60	1.13%	58	1.05%

Employment Status of Persons with Physical and Mental Disability



Note 1: the number of additional employees / statutory number of people

Note 2: The number of severe disability is twice the number of employees. Ratio = Number of all levels / annul number of employees

## 9. Public Performance Appraisal and Promotion Development

The performance management and development system of KYEC not only are used to evaluate employees' performance during specific period of time as the channel for promotion, bonus distribution and talent incubation but also actively plays the role of effective path that assists employees in terms of career development. KYEC applies self-evaluation and supervisor evaluation at the end of each year to review the first-half-year objective completion rate. KYEC reaches consensus produced from the review on output in the past and future through one-on-one performance interview. Next, the Evaluation Committee will objectively discuss to resolve the final performance appraisal before giving feedback of the evaluation results to the particular employee. Finally, such appraisal is used as reference for the bonus distribution and talent incubation in the second half of the year, in addition to making continuous improvement based on this circulation. In addition, KYEC also takes active measures in helping an providing employees appraised with poor performance the opportunity to improve. Employees are arranged with counseling, training and improvement plans so their efforts for the entire year will not be eradicated due to one result.

The performance appraisal process for KYEC employees is public and transparent, which eliminates the subjective error resulted from one-factor evaluation. Moreover employees will not be discriminated against in appraisal or promotion due to sex, race, religion, and marital status. If the employees oppose to the performance result in any way, the employees may petition for secondary review from the Human Resource Division. Furthermore, KYEC values the career development of employees highly by providing occupational promotions and the departments will recommend employees meeting qualifications based on performance, scores, personal capacity, and relevant work outcome. The supervisor will review while the personnel evaluation committee will resolve to grant promotion. The occupational promotions rate for entry-level supervisors and employees in 2017 shows a 50% conformance rate, which suggests for unobstructed promotion channel and effective use.



## 10. Parental-Leave-Without-Pay Measures

KYEC Group values employee concerns for daycare and breastfeeding by offering care for employees, pregnancy, and postpartum health education consultation, breastfeeding room, and signing contract with daycare centers, in addition to providing parental-leave-without-pay according to the Labor Standard Act and offering services to apply for parental-leave allowance from the Bureau of Labor Insurance. Under such complete supporting measures, the total number of employees applying for parental leave in 2017 was 55 people and the average reinstatement rate was approximately 100%.

Item	Female		Male		Female
	No. of People	Ratio	No. of People	Ratio	
2017 actual number of people applying for parental leave without pay	46	84%	9	16%	55
2017 actual application for reinstatement from parental leave without pay	30	94%	2	6%	32
3. Data as of 2017 / 12/ 31					

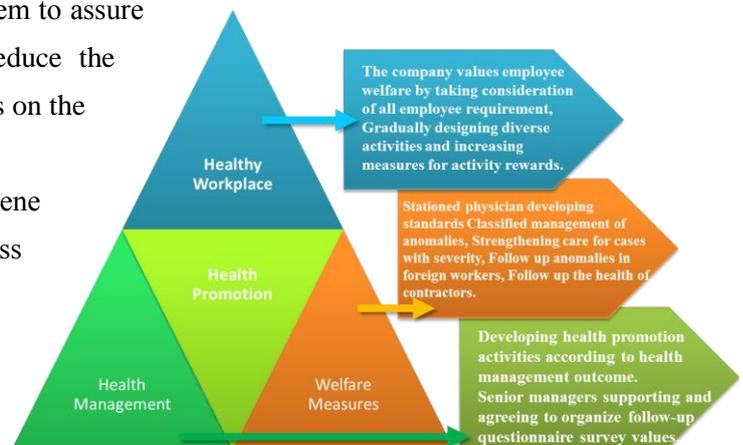


### 11. Employee Care

The management supports and promotes health promotional policy and develops the promotional plan and solution, formulating comprehensive safety and hygiene policy for the general manager to sign and announce. KYEC also clearly include “launching health promotion” and “assuring employee health” in the following content of policies:

- Effectively utilize energy and resource, launch waste reduction, classification, and recycling and reuse campaigns.
- Improve incessantly, enhance environmental safety and hygiene performance, and devote in pollution and injury/disease prevention to conform to environmental protection, safety, and health regulations and customer requirement.
- It is everyone’s responsibility to promote environmental protection, safety and hygiene in addition to continue advocating the education on such philosophy.
- Implement risk management and launch health promotion to pursue objectives in “zero disaster” and “zero injury.”
- Establish “Green Supply Chain” management system to assure work environment and employee health, and reduce the impact of products, processing, and related services on the environment.

- (1) Call for quarterly “Occupational Safety and Hygiene Committee Meeting” on a regular basis to discuss health related issues.
- (2) Each year KYEC develops health management promotion plan and the management shall sign and implement.



## 12. Promote Health Management and Advocacy Plan

KYEC complies to provisions prescribed in Labor Health Protection Regulations and Law by establishing qualified medical staff and stationed physician in the factory to facilitate health promotion services and offer chronic disease prevention and medical health care transfer services.



KYEC organizes annual health examination and drafts the health promotion plan for that year with actual execution of health promotion activities based on the analysis results. Employees with abnormal results from the physical examination and health examination shall receive professional health education and advice from stationed physician. Meanwhile the factory offers records on the care for various injuries and diseases as well as injury/disease category.

The factory nurses will notify employees of the secondary examination for abnormal physical and health examination results and the follow-up of secondary examination results in accordance with employee requirement and annual health promotion plan. Stationed physician will develop data standards according to the examination items while abnormal data will be divided into severe, medium and minor levels for health management. Stationed physician offers health education consulting and transfer services. Relevant workplace health promotion activities are held, including chronic disease prevention seminar and high-risk group health management, physical fitness examination, smoking prevention propaganda, smoking cessation class, introduction to contagious diseases in infants, nutrition seminar, four-cancer screening, epidemic infectious disease prevention propaganda and others.

### Health series

The 2017 execution status: A total of 15 sessions held with 1098 people participated.

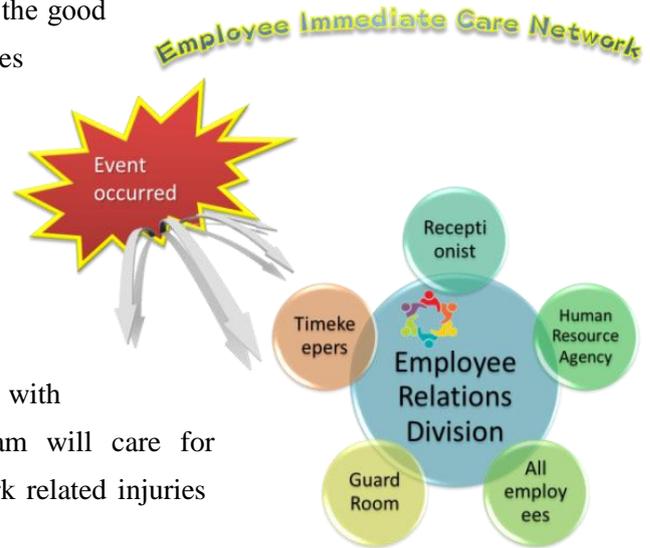
The image shows three promotional posters for health activities. The first poster is for 'Weight Loss and Smoking Cessation' (減重班 and 戒菸班) with a timeline from July to November. The second poster is for a 'Tobacco Prevention Lecture' (菸害防治講座) on August 17th, 2017, at the 6F training room. The third poster is for a '2017 Health and Nutrition Lecture' (2017年京健康系列活動 健康營養講座) on September 20th, 2017, at the 6F training center.

## 13. Physical and Mental Health of Employees

The physical and mental health of employees is the key factor for corporate sustained operations. Apart from the establishment of special physician, KYEC also works with the outpatient psychologist from the Physical and Mental Division in large hospitals for factory-visit services. KYEC voluntarily establishes the

“Employee Care Site” for employees to be aware of the good intention by the company to take care of the employees and advocate for the corporate assistance in times of emergency situations. Hence, KYEC establishes the 24-HR employee emergency rescue hotline (KYEC 119), where a specialist will attend and handle to provide information and resource assistance.

To reduce the health hazards for employees working with high-risk special injury /disease, the medical team will care for employees by their physical, psychological and work related injuries with the following response actions:



- (1) The injury case in and out of the factory will be evaluated by the medical team for resumption to work according to the previous operation properties, depending on the recovery situation of the body, in order to attain proper work arrangement.
- (2) In the event the health condition from the attendance system shows that the case requires care, i.e. taking 3 days of sick leave, pre-maternal leave, medical treatment leave, leave for 60H in a row, the medical team will voluntarily contact and care to give assistance to the employees.
- (3) KYEC cooperates with the physical and mental health division in peripheral hospitals, where professional consultants services for psychological consultation services and may transfer the cases to hospital for medication.
- (4) Employee Care Site: Report information to the Employee Relation Section through various means of transmission to immediately convey corporate care and resource supply to employees.

#### 14. Valuing Female Employees

KYEC provides complete support and care to pregnant female employees by developing protection regulations for female employees:

- (1) Specify heavy object moving standard.
- (2) Pregnant female employees are prohibited from handling hazardous, explosive and igniting substance related work.
- (3) Pregnant and breastfeeding female employees are prohibited from working at night.
- (4) Comply with safety and hygiene laws and regulation to prohibit female employees from engaging in dangerous or hazardous work.
- (3) Organize mother seminar, female cancer screening and other health promotion activities to take care of the health of female employees.
- (4) Provide female employees with cozy feeding environment and design by excellent breastfeeding room specification, using green, nontoxic, and anti-flame materials. KYEC is proud of the comfortable, private and ergonomic design.
- (5) Giving maternal leave for all women giving birth in accordance with Labor Standard Act.

(6) Welfare funding for newborns (can be applied by men or women).

To enhance maternal and breastfeeding female employees, the response actions are described below:

- (1) Factory nurse calls to show care to employees taking maternity leave to understand their requirement and provide consultation.
- (2) After the employees finish maternity leave and reinstate, factory physicians will be arranged to conduct mother health hazard questionnaire as health education consultation.
- (3) Before the case taking parental leave without pay reinstates, the factory nurse will conduct interview to understand the physical condition and evaluation of reinstatement.
- (4) After the case taking parental leave without pay has reinstated, the factor nurse will evaluate the employees for work applicability.



Breastfeeding Room



Child Raising Seminar

## 15. Employee Communication

KYEC protects employee rights in accordance with the relevant articles stipulated by government laws. The employees have the freedom to free assembly and the company does not interfere or intervene, or show any form of preferential treatment due to race, sex, nationality, religion, and political stance. KYEC is committed to establishing unobstructed communication channel with the employees and offers complete communication channels in order to effectively solve problems and employees could fully express their views and immediate communication, consequently establishing a harmonious working environment for the employees and management. All employees can express opinions via the Labor and Management Meeting, seminar, employee board and various grievance channels. The matters reflected by employees will be

replied with results to maintain excellent two-way communication. In 2017, the Company has received 87 cases of feedback.

27 seminars were held with cumulative 1,780 people participated.

**(1) Grievance Mechanism Channels include:**

- Employee Board
- 8160 Special Email
- HR Dept. Service Phone
- 24-HR Employee Emergency Rescue Hotline

**(2) Communication Channels include:**

Item	Handling Dept.	Content	2017effect
Employee Seminar	HR Dept.	System Benefits measures Public affairs Public safety	100% handling and reply
Seminar for New Employees			
Seminar for Foreign Employees			
Welfare Committee Meeting			
Worker-Management Meeting			
Service Hotline			
Employee Board			
Email			
Human Right Grievance			There was no grievance case against discrimination regulation in 2017.

**16.LOHAS KYEC**

To bring the employees closer and shale excellent organization culture, KYEC offers a variety of activity designs for employees to relax or develop proper entertainment after work.

KYEC held the “20<sup>th</sup> anniversary factory celebration and employee fun day” in Lihpao Land, Houli, Taichung in 2017. The innovative group competitions were captured by aerial shots and drawing a total of 13,000 viewers via Facebook. It was the first act among corporate activities, which exhibited the enthusiastic vitality of KYEC employees and enhanced corporate image. The factory activities included game completion and singing contests.

The factory selects model employees and establishes internal paradigm to encourage outstanding employees, promote mutual encouragement and learning between employees, and select employees with outstanding performance. KYEC holds one annual section with compliance to reward guidelines.

Senior employees and employees having worked for 5 years and 10 years shall be presented with rewards in appreciation of their long-term contribution to the company.

KYEC is also committed to employee relation by expanding the benefit to spouses of employees, holding family activities and outdoor activities while opening health examination to the spouses, and free group insurance for the spouse and children of the employees.



### 17. Quality Workplace

KYEC is committed to build a quality work environment by building many recreational areas at high floors with excellent views, including the table tennis zone, employee cafeteria, 24-hour convenience store, and café bar for employees to watch the beautiful views during dining.



café bar



24-hour convenience store



Blood Pressure Monitor and  
Weight Scale



Multi-Function Entertainment Center



Table Tennis Area

- (1) There are weight scale and electronic blood pressure monitor in the public area for employee use. Employees can measure and control self-health.
- (2) The multi-function entertainment center includes a reading room and a massage room. The reading room offers books, magazines and newspapers with over 7,104 books in collection. The massage room offers

employees from visually impaired masseurs. KYEC signs contract with Miaoli County Association of Care for Visually Impaired to provide services that will relieve the stress and fatigue in employees. In 2017 alone, 11,062 people have participated.

- (3) Establish friendly breastfeeding environment with comfortable sofa, refrigerator for storing breastmilk, and information on raising infants. In 2017, 23 people visit this area monthly in average.
- (4) The Consultation Room takes consideration of privacy and KYEC invites professional consultants in case employees have the needs in consulting services for work and career, family life, interpersonal relationship, and physical and psychological demand. 6 people have visited the consultation room in 2017.
- (5) The employees may consult with the legal department for legal consultation services in case they have any doubts related to legal issues in life or work. KYEC schedules one monthly visit of attorney to the factory to solve legal issues for employees in addition to publishing the case (anonymous) on the internal website to share the information with peer employees. There were 41 people who visited the legal department.
- (6) Routinely advocate health promotion information and organize workplace health promotion activities.
  - There is a “KYEC Employee Care Site” on the homepage with weekly propaganda focusing on medical health news and health promotion activities. As of now, there are 1,664 articles published and the total number of views is 236,409 people.



- The factory features an environmental safety and hygiene hallway where health promotion themed posters are updated on a regular basis.
- The Medical Office offers propaganda fliers and health books for employees to borrow and read.
- The company reading room also offers medical health magazines and books for employees to borrow and read.
- The routine update of health promotion themed posters is advocated through the announcement system.
- The factor offers an outdoor smoking zone but KYEC regulates the smoking behavior in employees and suppliers as well as the environment. Posters related to smoking prevention are promoted routinely at the environmental safety and hygiene hallway.

## 18. Education and Training

Regardless of gender, KYEC employees have equality of opportunity in receiving training. In 2017, a total of 367 training classes were held, adding up to 2,658 hours for total class hours with 68,397 people participating.

©2017 Average Employee Training House(Statistics as of 2017/12/31)

Items	2015			2016			2017		
	Sex	Total No. of Training Hours	Average No. of Training Hours Per Person	Sex	Total No. of Training Hours	Average No. of Training Hours Per Person	Sex	Total No. of Training Hours	Average No. of Training Hours Per Person
Indirect personnel	M	80,556	41.5	M	86,158	43.2	M	92,941	36.0
	F	21,401	26.4	F	20,460	24.4	F	26,234	31.3
	Subtotal	101,957	37.0	Subtotal	106,618	37.6	Subtotal	119,175	33.6
Direct personnel	M	15,143	26.6	M	15,838	27.8	M	21,204	31.3
	F	37,852	39.4	F	37,923	39.5	F	61,314	35.2
	Subtotal	52,995	34.6	Subtotal	53,761	35.1	Subtotal	82,518	33.2
Total	-	154,951	36.2	-	160,379	36.8	-	201,693	34.5

KYEC trains employees to acquire labor safety related certificates in accordance with government laws and regulations in order to conform to execution operation requirement and fulfill environment management. Moreover, KYEC organizes ISO quality related auditor certification training to enhance the internal audit effect, continue quality improvement and effectively implement corporate quality system. KYEC has helped employees acquire 1,550 certificates in 30 categories, as shown in the following table:

Name of Certificate	Name of Certificate
Class A Occupational Safety and Hygiene Operation Supervisor	Energy Administrator
Class A Waste Treatment	Hypoxia Operation Supervisor
Class A Waste Water Specialist	Dust Operation Supervisor
Class A Waste Water Treatment	Specific Chemical Substance Operation Supervisor
Class B Waste Water Treatment	Stationary Crane Operator (at least 3 tons)
Class A Toxic Chemical Substance Professional Technology Management	Firefighting Management Personnel
Class C Toxic Chemical Substance Professional Technology Management	Organic Solvents Operation Supervisor
Oxygen-Acetylene welding Operator	Emergency Care Personnel Safety and Hygiene Education and Training
Occupational Safety and Hygiene Administrator	ISOTS16949 Internal Auditor Training

Occupational Safety and Hygiene Administrator	QC080000
Forklift Truck Driver	ISO9001.TS16949.TL9000 Internal Audit
High Pressure Gas Specific Equipment Operator	TL9000 Internal Auditor Training
High Pressure Gas Operation Supervisor	VDA6.3Audit Training
ISO14001/OHSAS18001/TOSHMS Internal Auditor	Certificate of Quality Technician (CQT) Training
Lead operation supervisor	Rooftop operation supervisor
Total 1,550 certificates	

To strengthen the company management system and sustainable management, KYEC places high importance in talent cultivation. To truly meet talent cultivation objectives, KYEC establishes complete education training system and system for the learning and development in employees. The learning and development plan of employees are designed from the personal duties and ranking of employees as well as their career development status at the company. The objective plan is developed by stage to systematically help employees learn and grow who will eventually and progressively fulfill the various professional knowledge and skills needed for the duties, thereby meeting training objectives and improving the overall competitiveness.



KYEC’s training for employee is diversified and each employee can acquire abundant training resources through different methods, promoting self-learning and growth and establishing E-learning. Apart from on-the-job training, KYEC also promotes education training through KYEC e-college, which content includes engineering management, environment management, equipment management, production management, quality management, management skills, legal intellectual rights, sales system, and other types of courses. Currently there are 163 classes offered for online curriculum so that employees can arrange for study progress according to their needs without the restriction of time and space, which effectively intensifies employee education effect. The number of employees logged into the system in 2017 was 324,271.

Moreover, the establishment of employee study map and duty plan courses help employees clearly understand the study plan arranged by the company and the departments. Employees can also query the

training courses and training records from the system while managers can also follow up the rate of employee training completion through the learning map system.



KYEC highly values work health and safety, environmental protection, and employee compliance with code of conducts. The human resource division will arrange for all new employees to take new employee training, which content includes corporate culture and core value, personnel management regulations, quality policy (including 6S), legal general knowledge & intellectual right education, information security and promotion, employee health education, and labor safety education. KYEC processes new employee training so that everyone will complete the training. Furthermore, RBA general education will be arranged that year, which content includes labor, health and safety, environmental protection, code of ethics, management system, and employee training completion rate of 100%.



KYEC develops employee learning and development plan according to the personal duties and ranking of the employees, as well as their career development status in the company. The objective plan is developed by stage to systematically help employees learn and grow who will eventually and progressively fulfill the various professional knowledge and skills needed for the duties, thereby meeting training objectives and improving the overall competitiveness. Moreover, the structural integration of knowledge and skills and the occupational behavior and attitude can help improving personal work performance, thereby driving enterprises to have impact and competitiveness on the economy.

About 50% of KYEC's customers come from overseas. To encourage employees with strengthening language communication, KYEC holds Japanese and English courses each year and are open to all employees for registration. Employees will improve language communication capacity and are expected to apply the knowledge on the work. In particular, employees will need to take TOEIC capacity after English conversation training. Employees with advancement in English scores will be encouraged with bonus.



New employee training courses



Environmental safety training courses

## Social Participation

KYEC has long emphasized on social welfare and the company size constantly expands over the years. KYEC also stresses its emphasis on social welfare by injecting multiple resources in attempt to co-proper and co-survive with the local society, thereby creating a harmonious environment. In 2017, KYEC held multiple welfare events, which the company employees and local people perceived the devotion and integrity of KYEC in social welfare. In the future, we will continue and constantly devote in growing with the local area and stepping into better future.



### 1. Sponsoring Hsinchu City Children's Art Festival – Wind Sports Field

KYEC sponsored the 2017 Hsinchu City Children's Arts Festival – Wind Sports Field. This activity was held in Shulintou Park, Hsinchu City, designing six major themes based on “Wind Sports Field” to introduce the recreational devices form Europe and U.S., so children can explore and play. The activity becomes the exclusive festival activity of Hsinchu City.

The six major themes include the wind aircraft, colored swing house, a walk in the cloud, marching in



reverse wind, rolling in wind, and riding the waves. The performance troupe from Yilan Children's Festival was invited to perform. The recreational facilities were retained after the activity to become the theme park of children.

In 2017, the children's art festival was recognized highly by citizens and the city government designs shuttle bus and parking space. Children experience sense of balance, adventure, bravery and cooperation through exploring,

climbing, crawling, and swinging to learn from games happily, which also promotes parental interaction.

More than ten thousand people were drawn to the festival and the public reaction was phenomenal.

The children's drama (Selection of Process for Kingdom of Flight” was customized for the “children's art

festival.” The remarkable segments and special “paper airplanes” were exposed at the press conference, surprising the people at site. Councilor woman Huang, Mei-Hui and Li, Yen-Shui, and KYEC Chairman K.C. Lee, Siliconware Vice President Yi-Fong Zhang, CheerTek Inc Vice President Chen, Jiang-Xin, and various elementary school principals and village chiefs all showed up to support. Qinren Kindergarten led 24 children to watch the performance at site and turn into mermaids with the actors, built the London Bridge, and had fun.

## 2. Adopting Wenfeng Elementary School in Zhangshu Village, Tong-luo Township – Shennong Project (3rd Year)

In response to Shennong Program, KYEC has adopted the planting of Roselle in Wenfeng Elementary School in Zhangshu Village, Tong-luo Township. 2017 was the third year and KYEC continues to sponsor Wenfeng Elementary School.

Now 15 elementary schools have joined the Sennong Project from the Lovely Taiwan Foundation and nearly 10 of them are located in Miaoli and Miaoli County Government Department of Education recognized the project’s assistance in rural school development. Sennong Project introduces farming experts, faculty, institutions, and instruction tourism factories to establish an extensive educational resource platform, so that schools can participate in Shennong Project and acquire the resources and funds outside of public sectors for specific promotion. Shennong Project has formed the model with positive direction. Wenfeng Elementary School Principal Zhan appreciated KYEC for the continuous support of funds, revival



Wenfeng Elementary School 2<sup>nd</sup> graders growing *Gracilaria compressa*.



Wenfeng Elementary School 4<sup>th</sup> graders growing turnip.

of development in the educational business for elementary schools in rural areas, and benefiting the children.

The amount of vegetable needed for ordering school lunch can also help the management of local small organic farmers. KYEC Chairman K.C. Lee states that as the local entrepreneur, KYEC also sets up a kitchen in Tung-Luo Science Park, where the factory of KYEC can be seen when overlooking from Wenfeng Elementary School. K.C. Lee also said that the adoption of Wenfeng Elementary School by KYEC can also form an interaction network between the community, enterprises and schools.

### 3. Sponsoring Miaoli Folk Song Concert

Miaoli Government was sponsored by KYEC to hold the “Miaoli Folksong” concert in Miaoli Performance Hall at the night of September 22, 2017, inviting internationally renowned vocalist Jien, Wen-Xio and golden melody award winners to cooperate in the performance with Hsin Chu Wind Orchestra so that the people can listen to the beautiful music.

County Magistrate Hsu, Yao-Chang appreciated the consistent funding from enterprises with the promotion of arts and cultural activities, under the financial difficulties of Miaoli County. This concert was sponsored by KYEC, where powerful singers were called to bring the beautiful melody for the people and jointly build a happy Miaoli County of arts and culture.

County Magistrate Hsu, Yao-Chang, KYEC Chairman K.C. Lee, Culture and Tourism Bureau Director General Lin, Yen-Pu, and Northern Miaoli Arts and Culture Center Chief Director in Arts Wu, Fu-Man and many others strongly recommend this feast of music and encourages everyone to request for ticket and watch the performance in order to perceive the most direct and shocking singing from the singers.



### 4. Sponsored A-Bing’s Love Association “Care for the Disadvantaged” Classic Song Charity Concerts

KYEC sponsored A-Bing’s Love Association –Care for Disadvantaged Charity Concert was held at Northern Miaoli Culture and Art Center Performance Hall on February 18, 2017, where golden melody award winner, Ong, You-Li and others brought the remarkable music feast.

This charity concert has been held to give tickets to the representatives of disadvantaged groups so that they can be admitted to the site for free and listen to the concert. The proceeds from the ticket sales will also be donated to the county government for use in disadvantaged families, meal delivery services to elderly living alone, students in poverty with academic assistance, and funeral funding for disadvantaged families.

### 5. Sponsoring Hsin Chu Wind Orchestra

Music can increase the public’s cultural and artistic quality with the effect of upgrading people’s quality and stabilizing the society. Hence, KYEC sponsors Hsin Chu Wind Orchestra for years, which holds multiple concerts each year, benefiting the local area and towns. Parents have a good leisure and entertaining place to take their children to on the holidays; KYEC serves as the example for the average enterprises. The concerts held in 2017 included the following 4 sessions with remarkable performance, so that the public may gain access to experiencing high-class concerts.



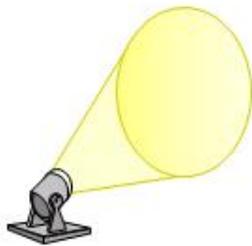
2017 New Year Concert



Pixar Adventure Concert



Hollywood Movie  
Songs-Heroes and  
Love



Male Lamb Teaching Female Lamb for a joyful  
Chinese New Year

## 6. Industry-Academic Cooperation for Win-Win Mechanism

For years, KYEC has taken actions in implementing the industry-academia training program from the Ministry of Education to promote the seamless connection between the academia and the industry while searching and fostering distinguished talents. KYEC has developed internship programs with multiple schools, including National Kaohsiung University of Applied Sciences, National United University and National Quemoy University in northern, central and southern Taiwan, and even in outlying islands. KYEC also adopts the philosophy of acquiring materials from the society and applying to the local area. The talent cultivation for solid technical and vocational education cooperates with local Yuda Technological University, Yuan-Peh Technological University, and Chung-Hua University.



KYEC offers an excellent scheduling plan from campus orientation, interview, internship, and until fully appointed. KYEC not only selects those with strong intention and conform to study, KYEC also offers professional practice training (including the introduction to semi-conductor process, packaging process overview, and the function and responsibilities of all users. The program not only allows students to quickly blend into the workplace but also applies the study acquired to the practice, upgrading the position and direction for the future in advance.

Apart from that, students only need to show remarkable performance during the internship period. KYEC also proposes lubricious retention solution in attempt to reduce students' employment costs after entering the society later. Meanwhile KYEC also trains the reserve personnel for the company, followed by transferring the academic strength of R&D to the enterprise, if through industry-academic cooperation, driving the corporation to develop core technology and meet the win-win mechanism for enterprises and students.



Signed personnel cultivation project with National Kinmen University.



School students visiting



School teachers visiting students at the factory

### 7. Sponsoring Miaoli County Director-General Cup Table Tennis Tournament

Sports activities can promote the physical and mental health of all people. For this reason, KYEC sponsors and support the 2017 Miaoli County Director-General Cup Table Tennis Tournament. The game was held on October 28, 2017 in Miaoli County Zhaonan Elementary School Activity Center. This activity can help develop and discover the new-generation table tennis sports talents. The activity will help athletes to develop in this domain, proactively wining for the country, and retaining the personnel. The new-generation table tennis sports athletes may win games for Taiwan, improve the sports atmosphere of every one and national physical and mental health.

### 8. Employing Visually Impaired Masseurs

Starting from 2008, KYEC has been employing visually impaired masseurs by offering fixed salary. The company also designs a massaging space with a comfortable environment. The service rate for visually impaired masseurs reaches as high as 80% and most employees are quite satisfied with the service. KYEC offers employment for persons with physical and mental disability to strengthen the care for socially disadvantaged, support disadvantaged families with eased financial stress and maintain living stability

### 9. Other Charity Events

KYEC upholds to the philosophy of “care for society and sustainable development.” Apart from proactively cultivating talents, KYEC also promotes care for disadvantages and other welfare events and even encourages employees to participate in social welfare events, taking specific actions in giving corporate feedback to society and towns through employee’s power, thereby fulfilling the corporate social responsibilities.



## Appendix : GRI G4 Guidelines

General Standard Disclosures		Indicator	Corresponding Chapters	Page
1. Strategy and Analysis	G4-1	Highest decision maker of the organization and the relevant statement of organization and strategy sustainability	Words from General Manager	2
2. Organization Overview	G4-3	Organization name	Company Profile	4
	G4-4	Major brand, products and services	Service	5
	G4-5	Location of corporate headquarters	Company Profile	4
	G4-6	Number of countries and name of countries where the company operation is located (including the country of major operation and the country related to sustainability management).	Worldwide Offices	6
	G4-7	Nature of ownership and legal form.	Shareholder Structure	19
	G4-8	Markets for service supply (including the geographic location map, service department and client/beneficiary type)	Service 、 Worldwide Offices	5 、 6
	G4-9	Report organization scale (including 1. No. of employees. 2. Operating activities. 3. Net sales (private companies) or net operating revenue (State-owned organizations). 4. Total capital is subdivided into debts and equity (private company). 5. Quantity of products or services provided).	Company profile, worldwide offices 、 Management performance	4 、 6
	G4-10	a. Total number of employees by employment contract and sex report. b. Total number of full-time employees by employment contract and sex report. c. Total number of workers by sex report, including self-employed and non-self-employed employees. d. Total number of workers by region and sex report e. Report the substantial operation of the organization and if is legally recognized as freelancer (self-employed or individual worker other than non-self-employed) to serve the position, including the contractor employees and contracting HR. f. Report any material change in the number of employment (e.g. seasonal change in tourism or agricultural employment )	Employee Distribution	65

General Standard Disclosures		Indicator	Corresponding Chapters	Page
2.Organization Overview	G4-11	Ratio of employees protected by the employee-management group agreement.	No Union Organization	-
	G4-12	Describe the supply chain of the organization.	Supply Chain Management	26
	G4-13	Describe any material change related to the organization scale, framework, ownership, or supply chain during the report period, including: the change of worldwide offices or operation such as facility activation, shutdown and expansion of shareholder structure and other capital formation, maintenance and change services (private institutions) in suppliers' worldwide offices, structure of supply chain, or changes in the relation with suppliers, including the selection and termination.	Start Using Tungluo Factory (Phase II)	-
	G4-14	Report the organization if there is any method or principles on prevention.	Risk Strategy and Responses	24
	G4-15	List the external economic, environmental social chapters, principles or other advocacies that have been signed or recognized by the company.	Suppliers 、 Standards of Recruitment and Employment	30、64
	G4-16	List the companies participating in association (i.e. commercial association), membership with national or international institutions: The position served at the governance department of association participating in projects or committee with sponsor funds other than regular membership fees will be provided as strategic consideration for membership.	Members Participating in Various External Departments	7
3.Identification of Material Dimension and Border	G4-17	a. List all entities with consolidated report or equivalent documents in the organization. b. Report if there is any entity involving the consolidated report or equivalent documents that are not included in the organization.	Management Performance	6
	G4-18	a. Explain and define the report content and dimension border process. b. Explain how the organization implements the report principles in the report content.	About the Report	1
	G4-19	List all material dimension identified form the report content.	Material Consideration Matrix Analysis	12

General Standard Disclosures		Indicator	Corresponding Chapters	Page
3. Identification of Material Dimension and Border	G4-20	For each material dimension, report the dimension of consideration inside of the organization with the specification below: Report if the dimension is material inside the organization and the dimension is material to all entities (i.e. G4-17) within the organization, please choose one of the following two methods. Report: any specific restriction on the dimension border within the organization in G4-17 if the dimension is not material entity or material entities, or in G4-17, the dimension is material entity or entities.	Material Agenda Disclosure Articles and Description of Consideration Border	13
	G4-21	For each material dimension, report the dimension of consideration outside of the organization with the specification below: Report if the dimension is material outside the organization and if so, identify if the dimension is a material entity, entities, or elements. Additionally, describe the geographic location for any specific restriction regarding the dimension border outside of the organization.	Material Agenda Disclosure Articles and Description of Consideration Border	13
	G4-22	Report the information provided in previous report with influence and reason of any re-preparation.	No incident of re-preparation	-
	G4-23	The scope and dimension border of this report and previous report significantly varies.	About the Report	1
4. Stakeholder Conference	G4-24	Provide list of stakeholder groups which the organization participates.	Identification and Communication between Stakeholders	8
	G4-25	Report the basis of identification and selection of stakeholders.	Identification and Communication between Stakeholders	8
	G4-26	Report the participation method of organization stakeholders (including participation frequency, according to the form and stakeholder group) in addition to indicating if participating in any part of the report preparation process.	Identification and Communication between Stakeholders	8
	G4-27	The report proposes the stakeholder groups of each concerned issue and concerned matter through the stakeholder participation and how the organization responds to these concerned issues and concerned matters, including through this report forma	Material Consideration Matrix Analysis	12

General Standard Disclosures		Indicator	Corresponding Chapters	Page
5. Basic Information of Report	G4-28	Period of information supply (namely the fiscal or calendar year)	About the Report	1
	G4-29	Latest report date (if any)	June, 2017	-
	G4-30	Report cycle (every year or every two year)	Annually	-
	G4-31	Contact person in charge of report or other contents with concerns.	About the Report	1
	G4-32	a. Report the “matters of compliance” chosen by the organization. b. Report the corresponding GRI for the “matters of compliance/” selected by the report (please refer to GRI G4 Part 1) c. If the report has been verified externally, the report shall cite external guarantee report. GRI may suggest the use but it is not compulsory requirement in GRI Guidelines.	About the Report	1
G4-33	a. Report the policy and current practice for the organization seeking external guarantee. b. If the sustainability report does not contain the scope and basis of guarantee, then the scope and basis of the external guarantee shall be needed. c. Report the relation between the organization and guarantor. d. When seeking the guarantee for sustainability report, can the highest governance department of the report and senior management participate?	About the Report	1	
6. Governance	G4-34	Reporting the governance framework of the organization, including the committee of highest governance department. Identify the committee with decision-making responsibility in economic, environmental and social impact.	Corporate Governance Framework	15
7. Ethics and Integrity	G4-56	Describing the behavioral value, principles, standards and regulations such as conduct principles and code of ethics	Employee Code of Ethics and Conducts 、 Implement Philosophies of Integrity Management	22 、 23

Specific Standard Disclosures		Management Guidelines/Indicators	Corresponding Chapters	Page	
Economic	Economic Performance		Management Guidelines	Management performance	6
		G4-EC1	Direct economic value from production and distribution (including sales revenue, operating costs, employee salary and benefits, dividends and taxation expenditures and retained earnings.	Management performance 、 Competitive Salary 、 Complete Leave System and Benefits	6 、 70 、 71
		G4-EC2	Climate change that leads to impact of organizational activity on the finance as well as other risk and opportunities.	Risk Strategy and Response	24
		G4-EC3	Scope of benefit plan duties defined by the organization	Complete Leave System and Benefits	71
	Procurement Practice		Management Guidelines	Supplier Selection	30
		G4-EC9	Ratio of expenditures for the local suppliers of key worldwide offices	Supplier Distribution	35
Environmental	Energy		Management Guidelines	Energy Consumption and Management	39
		G4-EN3	Energy consumption within the organization	Energy Consumption	39
		G4-EN6	Reduction of energy consumption	Energy Saving Projects and Benefits	41
	Water		Management Guidelines	Use of Water Resource and Impact on Water	46
		G4-EN8	Total water amount by source	Water Resource Management Indicator	47
		G4-EN9	Water sources with material impact due to water intake	No such incident	-
		G4-EN10	Total amount and ratio of water recycling and reuse	Water Saving Plan and Benefits	48
	Emission		Management Guidelines	Greenhouse Gas Inventory	43
		G4-EN15	Other direct greenhouse gas emission (Scope 1)	Greenhouse Gas Inventory and Analysis	43
		G4-EN16	Other indirect greenhouse gas emission from energy (Scope 2)	Greenhouse Gas Inventory and Analysis	43
		G4-EN17	Other indirect greenhouse gas emission (Scope 3)	Greenhouse Gas Inventory and Analysis	43
		G4-EN18	Greenhouse gas emission intensity	Greenhouse Gas Inventory and Analysis	43
		G4-EN19	Reduction of greenhouse gas emission	Energy Saving and Carbon Reduction Measures	44
	Waste water, sewage and wastes		Management Guidelines	Pollution Prevention	49
		G4-EN22	Level of pollution and flowing destination for sewage discharge.	Waste Water Discharge and Management	49
		G4-EN23	Total waste amount, described by types and handling method.	Waste Management and Reuse	52
		G4-EN24	Number of times and quantity for material leakage.	No such incident	-
	Regulatory Compliance		Management Guidelines	Environment Management	39
		G4-EN29	Incident violating material environmental laws and the total amount of fines, non-monetary	No such incident	-
	Transportation		Management Guidelines	Green Logistics Vision	37
		G4-EN30	Material environmental impact due to the transportation of products, raw material or personnel.	Optimizing Pickup/Delivery Routes	37

Specific Standard Disclosures		Management Guidelines/Indicators	Corresponding Chapters	Page	
Environmental	Overall condition		Management Guidelines	Environment Management	39
		G4-EN31	Total expenses and investment by type of environmental protection disclosure	Overall Environmental Expenditures	63
	Supplier environmental evaluation		Management Guidelines	Suppliers	30
		G4-EN32	Ratio of new supplies applied with environment standard screening	Supplier Management	39
	G4-EN33	Significantly actual and potential adverse human right impact and actions taken in the supply chain	Supplier audit	33	
Social: Labor Conditions	Labor-Employer Relation		Management Guidelines	Employees' Rights	64
		G4-LA1	Calculation of total new employees, ratio, and total number of employees resigned by age, sex, and region respectively	Employee Distribution、Employee Resignation	65、68
		G4-LA2	Providing benefits to all employees in key worldwide offices.	Comprehensive Insurance System、Complete Leave System and Benefits	71
		G4-LA3	Return to work and retention rates after parental leave, by gender	Parental-Leave-Without-Pay Measures	73
	Employee-Management Relation		Management Guidelines	Standards of Recruitment and Employment	64
		G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Standards of Recruitment and Employment	64
	Occupational Hygiene and Safety		Management Guidelines	Occupational Safety and Hygiene	55-
		G4-LA5	Describing the ratio of labor participating in formal joint labor health and safety committee on behalf of the labor and management in order to supervise and steer the occupational health and safety plan.	Safety and Hygiene Policy and Organizational Operation	55
		G4-LA6	Total number of work related mortality by region and sex analysis of injury type and work related injury rate, occupational disease incidence rate, days of loss ratio, and absenteeism,	Statistics and Analysis of Occupational Disasters	55
		G4-LA7	Operators with high disease incidence rate and high risk related to the occupation.	Employee Care、Promote Health Management and Advocacy Plan	74、75
	Training and Education		Management Guidelines	Education and Training	81
G4-LA9		The average training hours received by each employee each year by calculation of employee category and sex.	Education and training	81	
G4-LA10		Employee competency management and lifelong learning plan that will assist employees with the ability for continuous employment and retirement plan.	Education and training	81	
G4-LA11		Ratio of employees accepting routine performance and career development review by employee category and sex.	Public Performance Appraisal and Promotion Development	73	

Specific Standard Disclosures		Management Guidelines/Indicators	Corresponding Chapters	Page	
Social: Labor Conditions	Employee Diversity and Equality Opportunity		Management Guidelines	Employ Distribution	65
		G4-LA12	Sex, age, minority, and other diversity indicators that report the senior management of the company and the composition of employees by employee category.	Legitimate Employment of Persons with Physical and Mental Disability、Employing Visually Impaired Massage	72、90
	Equal Pay for Equal Work		Management Guidelines	Competitive Salary	70
		G4-LA13	Basic salary and salary ratio for men and women in key worldwide offices by employee category.	Competitive Salary	70
	Labor Practice Grievance Mechanism		Management Guidelines	Employee Communication	77
		G4-LA16	The quantity of filing registration, handling and solving labor conditions through formal grievance mechanism.	Employee Communication	77
Social: Human Rights	Non- Discrimination		Management Guidelines	Employee Communication	77
		G4-HR3	The total number of discrimination incidents and the corrective actions already taken	No such incident	-
	Coercion and compulsive labor		Management Guidelines	Standards of Recruitment and Employment	64
		G4-HR6	Already identified worldwide offices and suppliers with coercive or compulsive labor risks, and the actions taken to contribute to the elimination of all forms of coercive labor.	No such incident	-
	Evaluation		Management Guidelines	Standards of Recruitment and Employment	64
		G4-HR9	Total operating data and ratio subject to human rights review or affecting evaluation	No such incident	-
	Human rights evaluation of supplier		Management Guidelines	Supplier Management	39
		G4-HR11	Significantly actual and potential adverse human right impact and actions taken in the supply chain	Procurement Measures for Conflict Minerals	27
Social: Society	Local Community		Management Guidelines	Social Participation	85
		G4-SO1	Implement local community participation, ratio of operating activities affecting evaluation and development project	Social Participation	85
		G4-SO2	Operations with significant actual and potential negative impacts on local communities	No such incident	-
	Anti- Competition Behavior		Management Guidelines	Employee Code of Ethics and Conducts	22
		G4-SO7	The total number of accounts and results of taking legal actions against anti-competition behavior, anti-trust, and monopoly.	No such incident	-

## KYEC WORLDWIDE OFFICES

### KYEC Headquarters :

No. 81, Sec. 2, Gongdaowu Rd., Hsinchu City, Taiwan  
TEL:886-3-5751888  
FAX:886-3-5753866

### Chu Nan Factory :

NO. 118, Zhonghua Rd., Zhunan Township, Miaoli County, Taiwan  
FAX:886-37-595168

### Tungluo Factory :

Tungluo Industrial Park – No. 8, Tungke N. Rd., Jiouhu Village, Tungluo Township, Miaoli County  
TEL:886-37-980188  
FAX:886-37-980288

### KYEC U.S.A. :

101 Metro Dr.#540 San Jose, CA 95110  
TEL:1-408 -452 -7680  
FAX:1-408- 452-7689

### KYEC Japan :

2-3-8 Momochihama, Sawara-ku, Fukuoka 814-0001 Japan  
TEL:81-92-821-6954  
FAX:81-90-6595-4843

### KYEC Singapore :

750A Chai Chee Road Unit #07-22 Technopark @ Chai Chee Singapore 469 001  
TEL:65-64488-718  
FAX:65-64488-398



京元電子股份有限公司  
King Yuan Electronics Co.,LTD

[www.kyec.com.tw](http://www.kyec.com.tw)

